Letters of Credit User Guide

Oracle FLEXCUBE Universal Banking

Release 12.0.87.1.0

November 2015

ORACLE

Letters of Credit User Guide
November 2015
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1. Preface

1.1 Introduction

This manual is intended as a guide to the Letters of Credit (LC) module, of Oracle FLEXCUBE. It is designed to help you maintain and process all types of documentary and clean LCs. It also assists you in handling the necessary activities in the life cycle of an LC once it is booked. This includes the generation of messages and advices, the updation of account balances and the collection of various commissions and charges.

1.2 Audience

This manual is intended for the Customer Service Representatives (CSRs) and the staff responsible for the setting up of new products at your bank.

1.3 Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at http://www.oracle.com/pls/topic/lookup?ctx=acc&id=docacc.

1.4 Organization

This manual is organized as follows:

Chapter 1	*About this Manual* gives information on the intended audience. It also lists the various chapters covered in this User Manual
Chapter 2	*Letters of Credit - An Overview* gives you an overview of the LC module and helps familiarize you with its features.
Chapter 3	*Maintenance* details the basic information to be maintained, before the LC module becomes fully operational.
Chapter 4	*Defining Product Attributes* describes the procedure to define LC products for specific services that you offer your customers.
Chapter 5	*ProcessingLC Contract* described in this chapter is the procedure to process all types of LCs (import, export, invoice, clean, guarantees, shipping guarantees).
Chapter 6	*Capturing Additional Details* explains how you can capture additional information for an LC contract.
Chapter 7	*Making Availment* explains how, upon receipt of bills or on notification from the negotiating bank, an availment is recorded under an LC.
Chapter 8	*Amending Details of LC* discusses the circumstances under which the details of an LC contract would need to be amended. It also details the procedure for amending the LC.
Chapter 9	*Transferring LC* explains how you can transfer an LC.
Chapter 10	*Liquidation of Components of LC* deals with the liquidation of the receivable components of an LC.

Chapter 11	*Credit Limit Tracking forLC* is the procedure to track the exposure against the applicant or against the issuing bank. It depends on whether you are issuing an import LC/advice or confirming an export LC.
Chapter 12	*Automatic Processes* explains the processes that will be carried out automatically, in the life cycle of an LC.
Chapter 13	*Reports* gives a list of all reports that can be generated for the LC module.
Chapter 14	*Annexure A - Accounting Entries for LCs* contains a list of suggested accounting entries, event-wise.
Chapter 15	*Annexure B – Events, Advices and SDEs for LC* gives an exhaustive list of events that can take place and the messages that can be generated, during the life cycle of an LC.
Chapter 16	*Annexure C - SWIFT Category 7 Messages* gives a list of SWIFT messages supported in the LC module.
Chapter 17	*Annexure D - Letters of Credit Glossary* lists out important terms used in the LC User Manual.
Chapter 18	*Function ID Glossary* has alphabetical listing of Function/Screen ID's used in the module with page references for quick navigation.

1.5 Glossary of Icons

This User Manual may refer to all or some of the following icons:

Icons	Function
	Exit
	Add row
	Delete row
	Option List

1.6 Related Documents

- Procedures

2. Letters of Credit - An Overview

2.1 Introduction

A Letter of Credit is an undertaking by the bank issuing it to pay the beneficiary of the credit provided stipulated documents are presented and other terms and conditions of the LC are complied with. It is the preferred mode of settlement between a buyer and a seller under the following circumstances:

- They are not well-known to each other.
- They are located in different countries and the seller is not sure of the credit worthiness of the buyer.

In such cases, the seller would like a bank to provide assurance of payment. As an instrument of international trade, It is one of the most secure methods for a seller to be paid. Besides credit risk considerations, LCs is the customary business practice for long distance trade and a particularly important commission earning service for any bank.

The Letters of Credit (LC) module constitutes a part Oracle FLEXCUBE's comprehensive trade financing system. Together with the Bills and Collections module, it automates the entire gamut of trade financing. While the LC module handles the opening, advising and amending of all types of LCs, the BC module handles collection of bills which may or may not be presented under LC. The documents required under an LC are maintained in the BC module. Once an LC is opened, the documents presented by the beneficiary and LC negotiation are also processed in the BC module.

The LC module primarily supports the processing of all types of documentary and clean LCs. It can handle all activities during the lifecycle of an LC. This includes the generation of messages and advices for all the applicable events, and the update of account balances. The system also handles the collection of various commissions and charges defined for an LC.

2.2 Features

In an effort to sharpen the competitiveness of your trade-financing department and to empower your bank to handle a high volume of credit transactions Oracle FLEXCUBE is designed with the following features:

- The Letters of Credit module supports the processing of all types of clean and documentary LCs. These include:
  - Import LCs
  - Export LCs
  - Guarantees
  - Shipping Guarantees
  - Clean LCs
  - Standby Guarantees
  - Reimbursement
- The LC module is designed to handle all the events in the life cycle of an LC. The booking, subsequent amendments and an availment can be processed automatically. The messages and advices applicable for each event are also automatically generated. The messages are communicated done through SWIFT, TELEX, mail, or any other compatible medium.

- The product definition function enables you to create products for specific services you offer. This offers your customer flexibility as well as quick and efficient processing of contracts.
- The product definition covers all the key features of a LC. For example, details of documents that should accompany it, the free format messages that form part of the correspondence, the advices to be generated for various events, the accounting entries to be passed for an event, the commission and tax handling specifications.
- The details of documents, free format messages, and commodities are defined only once and can be retrieved whenever needed. This reduces the effort involved in the capture of LC details, thus rendering it faster and error free. The flexibility built into the system ensures that you can modify these details to suit the requirement of each LC.
- Oracle FLEXCUBE supports the concept of “specialized services branch” concept. If you have trade financing expertise at only one branch, say the Head Office (HO) and LCs for customers of any branch is processed only through the HO, Oracle FLEXCUBE offers absolute ease of operations. The LC can be processed for a customer of any branch, in the same way as you would, for a customer of your own branch.
- The Central Liability sub-system automatically controls the booking of an LC against the credit lines assigned to the customer before the bookings are made.
- The module supports automated follow-up for commission and charge payments, confirmation and acknowledgements.
- Graphic User Interface (GUI) facilitates ease of input. Pick-lists have been provided wherever possible. This makes the module both efficient and easy to use.
- The media supported include Mail, Telex and SWIFT.
- The National Language Support (NLS) features are available.
- LCs is governed by the Uniform Customs and Practice (UCP) which is published by the International Chambers of Commerce (ICC) Paris, France. You can indicate that the LCs issued at your bank fall in line with the UCP, which is regarded as a rule book by virtually all banks in the world.

2.3 Operations supported on LC

The following are the operations supported on an LC:

- Open an import LC or guarantee
- Open and confirm an import LC
- Pre-advice an export LC
- Advice an export LC
- Advice and confirm an export LC
- Confirm an export LC
- Advice a guarantee
- Import LC with pre-advice

Thus, your bank can perform one of the following roles:

- The issuing (opening) bank for an import LC or guarantee
- The advising bank or for an export LC
- The confirming bank for an export LC

In addition to amendment of the terms of an LC such as the expiry date, the amount, the latest shipment date, etc., you can amend the operation on an LC as follows:

- Open to open and confirm of an import LC
- Pre-advice to advice of an export LC

- Pre-advice to advice and confirm an export LC
- Advice to advice and confirm an export LC

Appropriate messages, advices, and covering letters are generated for these operations. These are listed in an annexure in this manual. The SWIFT messages generated for the different types of LC are listed in this chapter.

2.4 Processing Commissions and Charges

In the LC module, the method of collecting commissions and levying charges is flexible. Commissions can be collected for the initiation and amendment events of an LC. The definition of commission rules facilitate the uniform and efficient application of commission across all LCs processed under a product.

Commissions can be collected in advance or in arrears, periodically or non-periodically. You can choose to accrue commissions at a regular frequency (daily, monthly, quarterly, half-yearly or annually). Similarly, the frequency of liquidation of periodic commission can be varied. In Oracle FLEXCUBE various charges such as handling charges, SWIFT charges, etc. can be processed.

The commissions and charges can be collected from any party, and if necessary, debited from a receivable account and liquidated subsequently.

2.5 Variations Supported for an LC

An LC being a very flexible payment mechanism can be made available to the customers of your bank in a number of popular variations.

2.5.1 Red Clause Letter of Credit

You can process a Red Clause LC wherein you can provide for anticipatory drawings. In such a case, the confirming bank or any other bank is authorised to make advance payments to the beneficiary, before the presentation of the documents.

2.5.2 Transferable and Non-transferable LCs

While capturing the details of an LC, you can indicate whether it is transferable. This information is part of the instrument generated for an LC.

2.5.3 Revolving and Non revolving LCs

You can open an LC and choose to make it available again in its original amount after the goods have been shipped, documents presented and credit is settled. Such an LC is a revolving LC. Under a revolving LC the amount is reinstated or renewed without any specific amendments to the LC. A revolving LC may be revocable or non-revocable, and can revolve in relation to the following:

- Value
- Time

This facility can be utilized when a supplier wishes to make repetitive shipments over a period such as a year. The LC can have an automatic reinstatement clause, which provides for continuing the renewal of availability. You also have the option to manually reinstate an LC. The credit may require approval of the opening party before it becomes available again.

2.5.4 Sight and Usance LC

Oracle FLEXCUBE allows the processing of a sight or usance payment against an LC.

- In case of a sight LC, the negotiating bank pays the seller immediately and is later reimbursed by the issuing bank.
- In the case of a usance LC, the drawee bank accepts the obligation to pay the seller at maturity. An LC with a time draft drawn on the opening party, calling for payment at a future date is called a time or Usance LC.

2.5.5 Cash Collateral against an LC

An LC can be processed against cash collateral. Oracle FLEXCUBE provides you with the facility to calculate the cash collateral either as a percentage of the LC amount or as a fixed amount. Cash collateral advice will be generated for its collection. When the LC amount is amended, you also have the option of adjusting the collateral amount accordingly.

2.5.6 Availment against an LC

You can process the availments against an LC either through the LC module or through the bills module of Oracle FLEXCUBE. Availment charges can be levied and cash collateral adjusted, during an availment.

2.5.7 Reports

Information on the LCs processed and the static maintenance done for the module is available in the form of reports. These reports can be printed, spooled on to a disk file or displayed on the screen.

The following are some of the reports available:

- Accrual control report
- Closed out LCs report
- Commission activity report
- Commission due report
- Confirmed LCs report
- Daily activity report
- Expired LCs report
- LCs due to be closed report
- LCs due to expire report
- Open ended LCs
- Un-replied tracers report
- Process exception report
- Overrides

Refer the chapter titled 'Reports' in this User Manual for details about reports.

3. Maintenance

3.1 Introduction

The LC module requires the setting up of certain basic information before it becomes fully operational. The information that needs to be maintained includes:

- Document details
- Clause details
- Goods details
- Free Format Text details
- Insurance Company details
- Import License Expiry Date for a customer
- Exchange Rate Type maintenance for different transaction amount slabs
- INCO Terms
- Open Insurance Policy details
- Blacklist criteria

The procedure for maintaining these details is discussed in the subsequent sections.

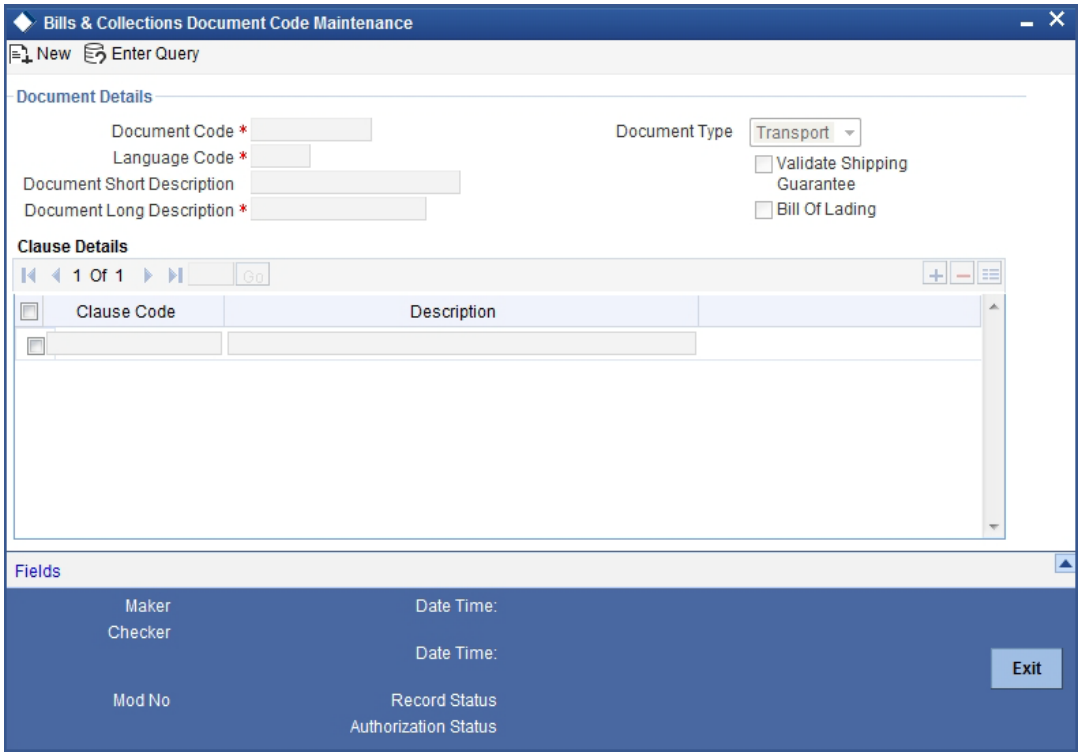
3.2 Maintaining Document Details

There are certain standard documents that are required under a documentary LC. As these documents are standard and common in most countries, their details need not be specified every time you need to use it for an LC. Instead, you can maintain its details in the Document Maintenance screen and attach it to the LC you process.

The advantage of maintaining document details is that at the time of creating a product or at the time of entering the details of an LC, you only need to specify the code assigned to the document. All the details maintained for the document will be automatically picked up. This helps reduce repetitive work, as you do not need to enter the contents of the document each time you use it.

To invoke the ‘Bills and Collections Document Codes Maintenance’ screen, type ‘BCDDOCCD’ in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

If you are maintaining details of a new document click new icon from the tool bar. The ‘Bills and Collection Document Code Maintenance’ screen is displayed without any details.



Here you can specify the following details.

Document Code

In Oracle FLEXCUBE, each document maintained is identified by a twelve-character code, called a Document Code. You can follow your own convention for devising this code. However, one of the characters of the code should necessarily be a letter of the English alphabet.

The code assigned to should be unique as it is used to identify the document. While creating a product or at the time of entering the details of an LC, you only need to specify the code assigned to the document. The document details will be automatically picked up and defaulted.

Language Code

The language used in the document which you bank receives from the customer.

Document Type

Select the type of document you bank received from the customer from the drop-down list. Following are the options available in the drop-down list:

- Transport
- Insurance
- Invoice
- Others

Document Short Description

The documents for an LC are at times large and hence difficult to identify. Therefore, you can specify a short description or a title that will enable you to identify the document quickly.

The short description that you specify is for information purposes only and will not be printed on any customer correspondence.

Document Long Description

After you specify a code to identify the document, you can proceed to maintain the content of the document. The content that you enter is printed on the applicable advices generated for an LC. A document can contain a maximum of two thousand characters.

Once the document code is stored, the description of a document can be edited only through the 'Document Codes Maintenance' screen (the screen we are discussing). However, you can also view the contents of a document code when you are linking it to a product or LC.

Validate Shipping Guarantee

Check this option to indicate that a shipping guarantee should be validated.

Bill of Lading

Check this option to indicate the bill of lading.

Clause Details

Specify the following details.

Clause Code

Specify the clause code that should be linked to the document.

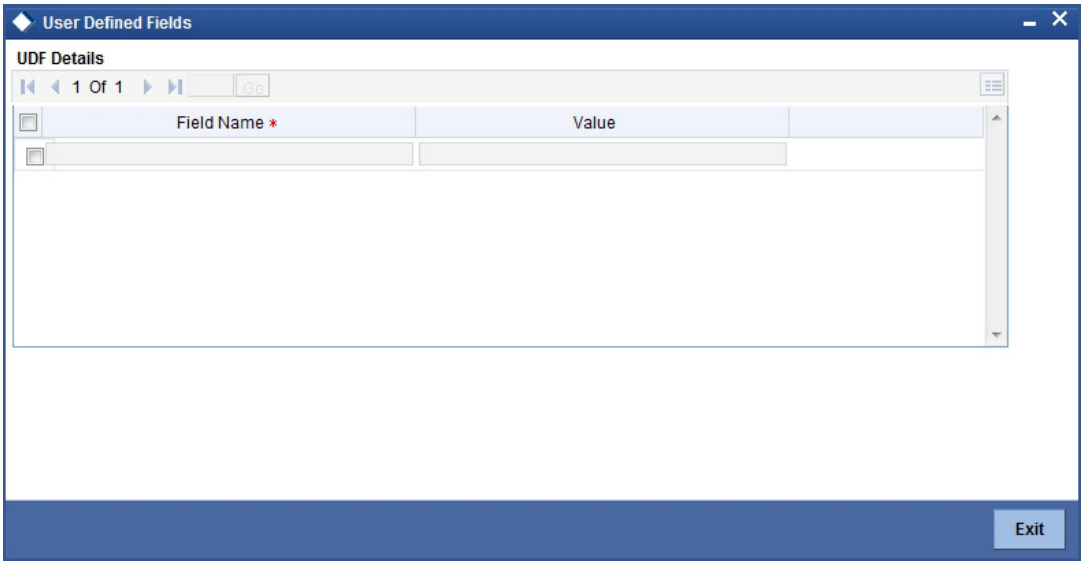
Description

A brief description of the chosen clause code is displayed here.

3.2.1 Specifying UDF Values

You can specify values for all the User Defined fields (UDFs) created and attached to the 'Bills & Collections Document Codes Maintenance' screen.

You can view the list of UDFs associated to this screen by clicking 'Fields' button.



You can enter the value for the UDFs listed here in the 'Value' column.

For more details on how to create user Defined fields, refer chapter 'Creating custom fields in Oracle FLEXCUBE' in the User Defined Fields User Manual under Modularity.

3.2.2 Operations on Document Maintenance Record

On an existing Document Maintenance record, you can perform the following operations (if any icon is disabled in the application toolbar, it means that the function is not allowed for the record):

- Amend the details of a document
- Authorize a document
- Copy the details of a document on to a new one
- Close the document
- Reopen the document
- Print the details of a document
- Delete the details of a document

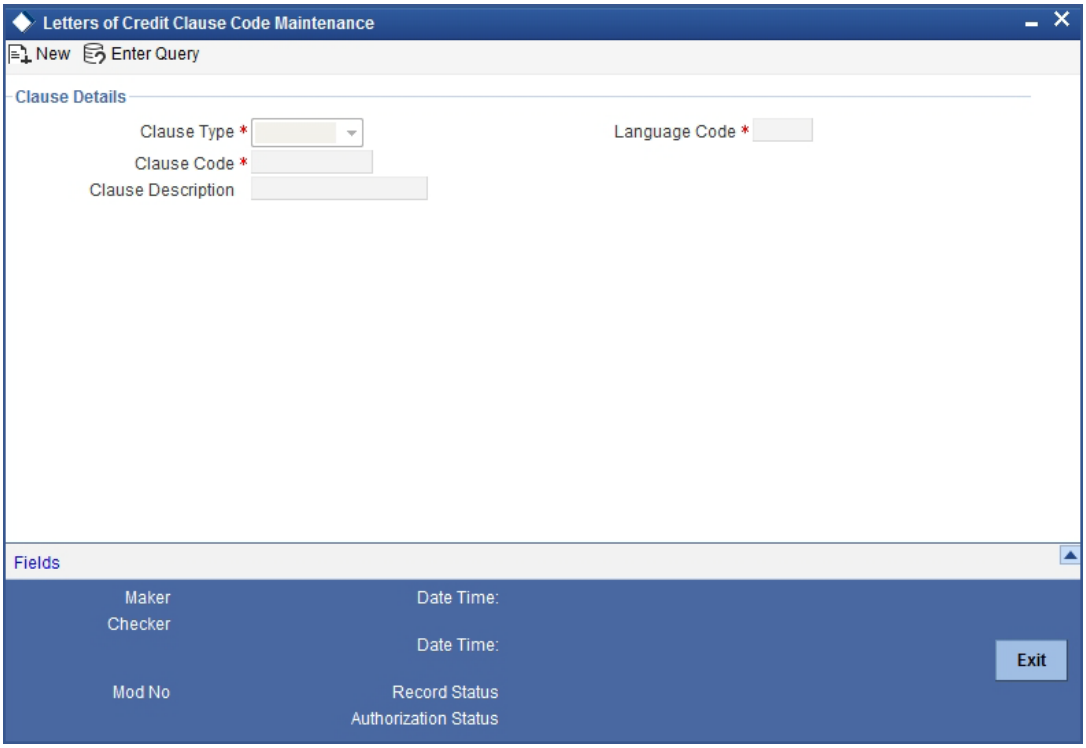
Please refer to the manual on Common Procedures for details of these operations.

3.3 Maintaining Clause Details

A clause is a statement that accompanies a document required under an LC. Instead of specifying the details of a clause every time, you can maintain a list of the standard clauses, which can accompany the documents, required for an LC, in the Clause Maintenance screen.

The advantage of maintaining clause details is that at the time of creating a product or at the time of entering an LC, you only need to specify the code assigned to the clause. All the details maintained for the clause will be automatically picked up.

You can invoke the 'Letters of Credit Clause Code Maintenance' screen by typing 'LCDCLAMA' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. If you are maintaining a new clause, click new icon from the tool bar. The 'Letters of Credit Clause Code Maintenance' screen is displayed without any details.



Specify the following details.

Clause Type

A clause that you maintain will accompany a document that is sent for an LC. Therefore, the type of clauses that you can maintain is determined by the type of document that it accompanies. The nature of the clauses that you define can fall within the following categories:

- Transport
- Insurance
- Invoice
- Others

Clause Code

Each clause that you maintain is identified by a twelve-character code called a Clause code. You can follow your own convention for devising the code. However, at least one of the characters of the clause code should be a letter of the English alphabet.

This code should be unique as it is used to identify the clause. While creating a product or at the time of entering the details of an LC where you need to specify the clauses that should accompany a document, you only need to specify the code assigned to the clause. The clause details will be automatically picked up and defaulted.

Clause Description

After you have specified a code for the clause, you can proceed to maintain a detailed description of the clause.

The description carries the contents of the clause, which will be printed on the customer correspondence that accompany an LC. The clause description can contain a maximum of two thousand characters.

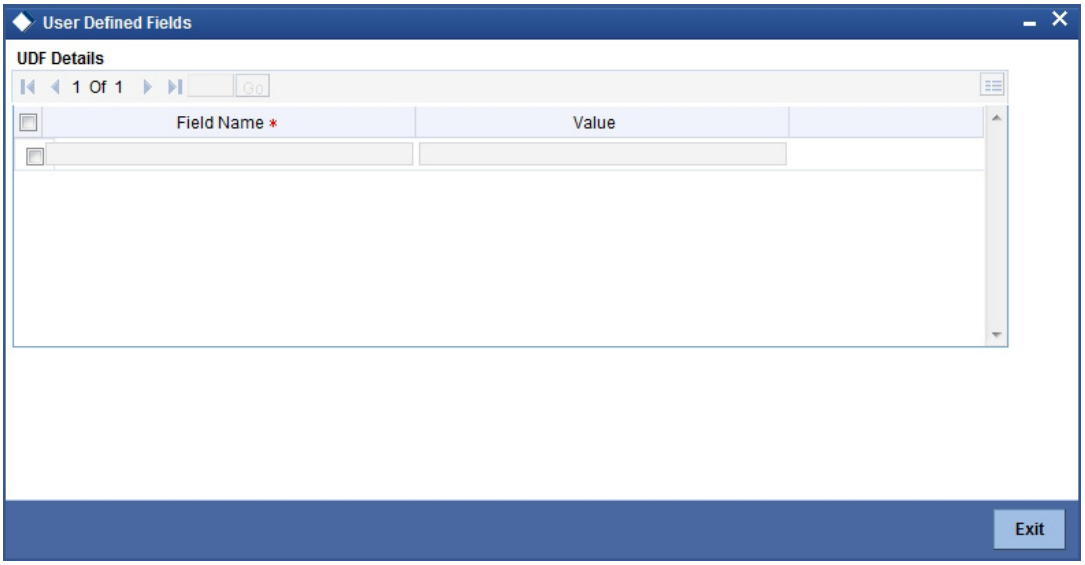
After you have made the mandatory entries, you should save the record.

Language Code

The language used in the document which you bank receives from the customer.

3.3.1 Specifying UDF Values

You can specify values for all the User Defined fields (UDFs) created and attached to the 'Letters of Credit Clause Code Maintenance' screen. You can view the list of UDFs associated to this screen by clicking 'Fields' button.



You can enter the value for the UDFs listed here in the ‘Value’ column.

For more details on how to create user Defined fields, refer chapter ‘Creating custom fields in Oracle FLEXCUBE’ in the User Defined Fields User Manual under Modularity.

3.3.2 Operations on a Clause Maintenance Record

On an existing Clause Maintenance record, you can perform the following operations (if any icon is disabled in the application toolbar, it means that the function is not allowed for the record):

- Amend the details of the record
- Authorize the record
- Copy the details of a Clause, on to a new record
- Close the record
- Reopen the closed record
- Print the details of a record
- Delete the record

Please refer to the manual on Common Procedures for details of these operations.

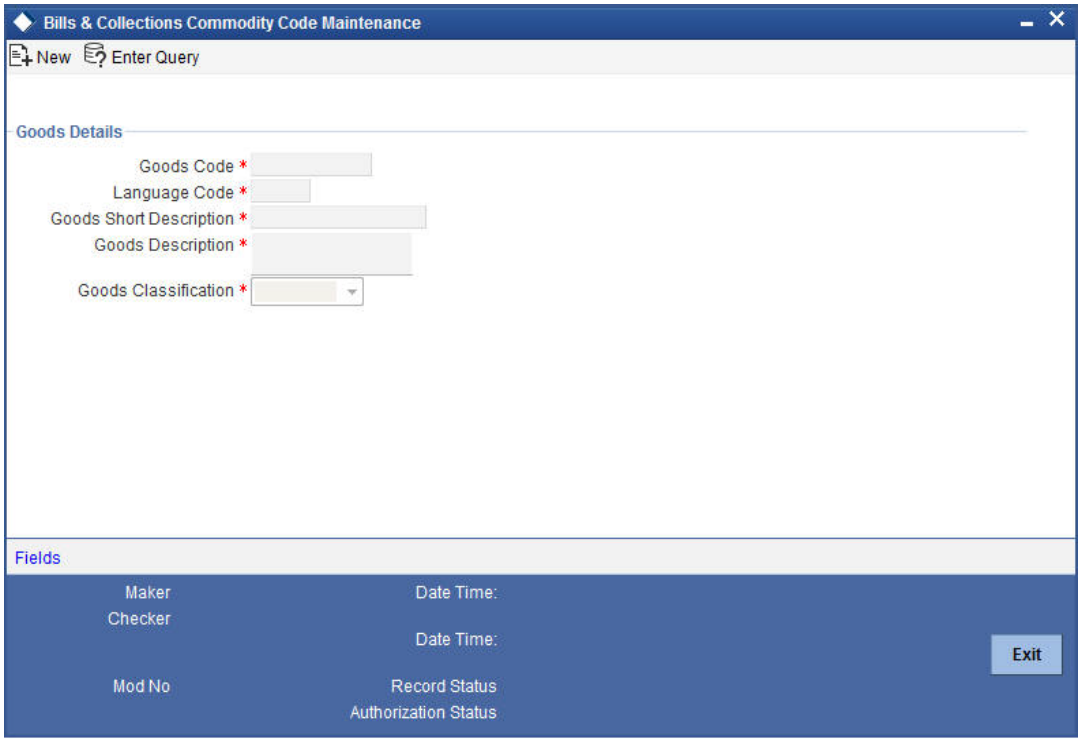
3.4 Maintaining Goods Details

An LC is an instrument used for trade payments, it therefore involves merchandise. There are certain standard goods or commodities, the trading of which is done, with LC cover. Instead of specifying the details of merchandise each time they are traded under an LC, you can maintain the details of the standard goods in the ‘Bills and Collections Commodity Code Maintenance’ screen.

The advantage of maintaining goods details is that at the time of entering the details of an LC, you only need to specify the code assigned to the goods. The description maintained for the goods code will be automatically picked up. Typically, the statutory body controlling international and domestic trade in a country assigns these codes.

To maintain details of the standard goods transacted under LCs, you need to invoke the ‘Bills and Collections Commodity Code Maintenance’ screen. You can invoke this screen by typing ‘BCDCOMCD’ in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. If you are maintaining details for the goods or commodity for the first time, click new icon from the tool bar.

The ‘Bills and Collections Commodity Code Maintenance’ screen is displayed without any details.



Specify the following details.

Goods Code

In Oracle FLEXCUBE goods are identified by a twelve-character code called the goods code. You can follow your own convention for devising the code. However, at least one of the characters of the goods code should be a letter of the English alphabet.

The code that you assign to a commodity should be unique as it is used identify the goods. While processing an LC where you need to specify the goods transacted, you need to only specify the code assigned to the goods. The goods description will automatically be picked up and defaulted.

Language Code

The language used in the document which you bank receives from the customer.

Goods Short Description

Give a brief description of the goods.

Goods Description

After assigning a code to the goods, you can proceed to maintain a detailed description of the goods. The goods description can contain a maximum of six thousand five hundred characters.While specifying the details of the goods transacted under an LC, you can edit the description that is defaulted, to suit the requirements of the LC you are processing. Specifications such as the quality and quantity of the merchandise can also be entered.

Goods Classification

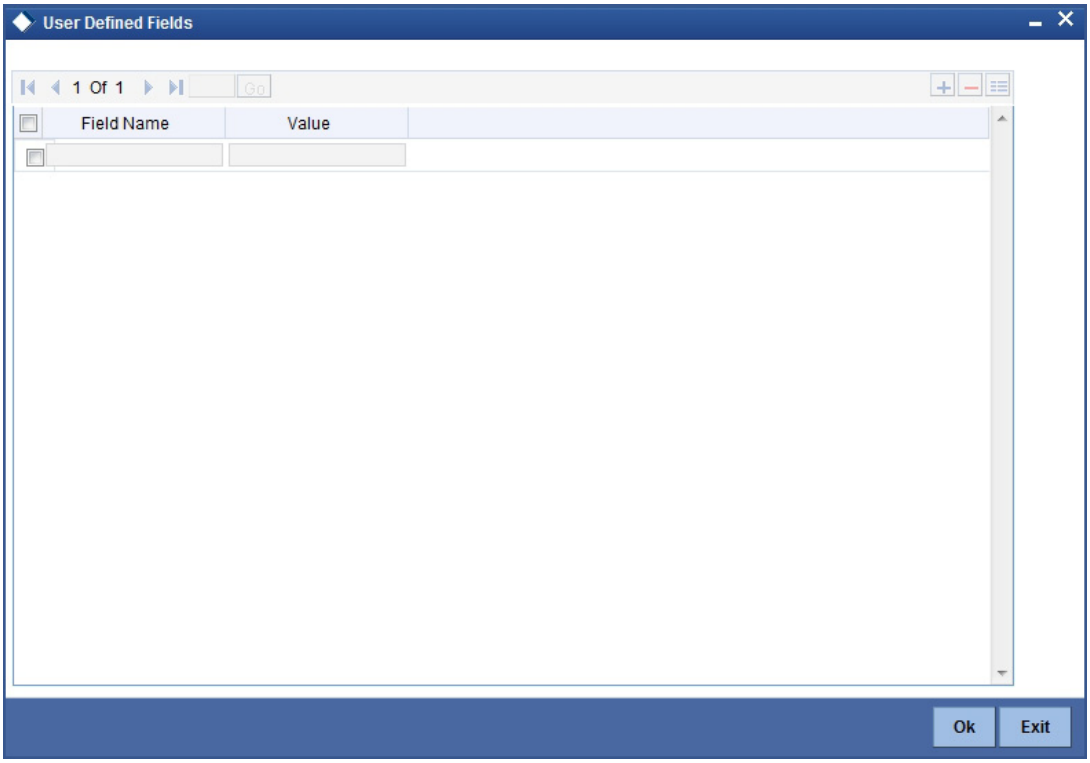
Select the type of the goods from the adjoining drop-down list. the options are:

- General
- Licensed

- Prohibited

3.4.1 Goods classification is mandatory.Specifying UDF Values

You can specify values for all the User Defined fields (UDFs) created and attached to the 'Bills and Collections Commodity Code Maintenance' screen. You can view the list of UDFs associated to this screen by clicking 'Fields' button.



You can enter the value for the UDFs listed here in the 'Value' column.

For more details on how to create user Defined fields, refer chapter 'Creating custom fields in Oracle FLEXCUBE' in the User Defined Fields User Manual under Modularity.

3.4.2 Operations on Goods Maintenance Record

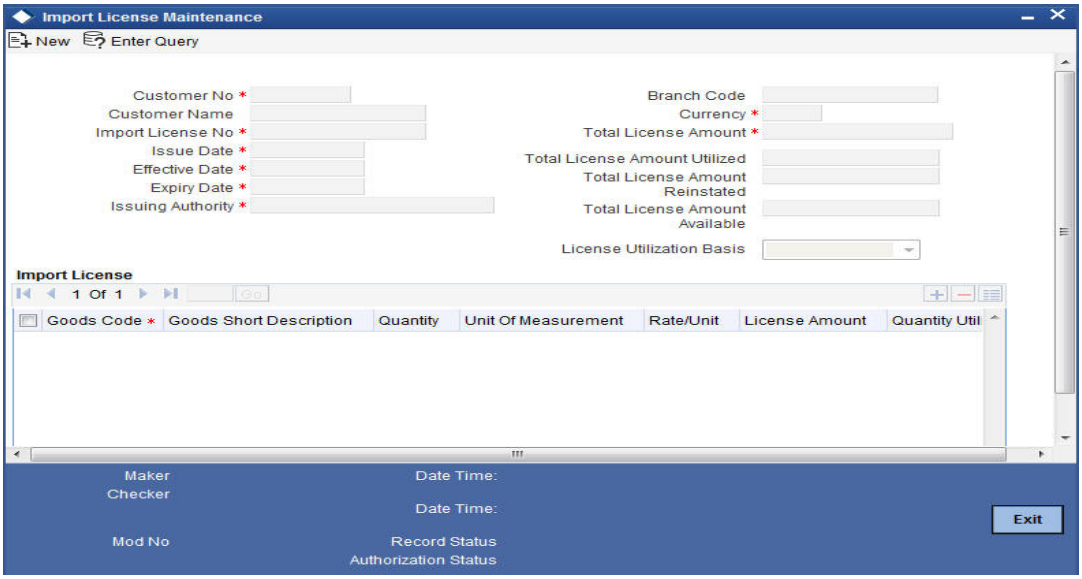
On an existing Goods Maintenance record, you can perform of the following operations (if any icon is disabled in the application toolbar, it means that the function is not allowed for the record):

- Amend the details of a record
- Authorize a record
- Copy the details of a commodity, on to a new record
- Close a record
- Reopen a closed record
- Print the details of a record
- Delete a record

Please refer to the manual on Common Procedures for details of these operations.

3.5 Maintaining Import License

You can capture single or multiple import license issued to a customer through Import License Maintenance screen. You can invoke this screen by typing 'LCDIMLIC' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



You can specify the following in this screen:

Customer No

Select the customer number for which import licenses are to be maintained from the adjoining option list.

Customer Name

The system displays the name of the customer when the customer number is selected.

Import License No

Specify the reference number of the import license.

Issue Date

Specify the issue date of the import license. Issue date cannot be a future date and greater than expiry date.

Effective Date

The system defaults the effective date. However you can modify it. Effective date cannot be lesser than issue date and greater than expiry date.

Expiry Date

Specify the expiry date of the import license. The expiry date should be greater than issue date and effective date.

Issuing Authority

Specify the issuing authority of the import license.

Branch Code

The system displays the branch code.

Currency

Select the currency of license amount from the adjoining option list.

Total License Amount

Specify the total amount for which the import license is issued.

Total License Amount Utilized

The system displays the sum total of licensed amount utilized for all goods code.

Total License Amount Reinstated

The system displays the sum total of license amount reinstated for all goods code.

Total License Amount Available

The system displays the sum total of available license amount of all goods.

License Utilization Basis

Select the license utilization basis from the adjoining drop-down list. The options are:

- Quantity
- License Amount

Import License

You can capture multiple goods code, quantity or amount details here.

Goods Code

Select the goods code from the adjoining option list.

Goods Short Description

The system displays the goods short description maintained in the 'Bills and Collections Commodity Code Maintenance' screen.

Quantity

Specify the quantity of the goods.

Quantity is mandatory if the license utilization basis is opted as quantity.

Unit of Measurement

Specify the unit of measurement relevant to quantity.

Rate/Unit

Specify the rate or unit amount.

Rate/Unit can be captured if the license utilization basis is quantity.

License Amount

License Amount can be captured if the license utilization basis is amount.

Quantity Utilized

The system displays the sum total of the quantity utilized for the goods code in Import BC and LC contract and Import License Utilization screen.

License Amount Utilized

The system displays the sum total of license amount utilized for the goods code in BC and LC contract and Import License Utilization screen.

If the license utilization basis is 'Quantity' and 'Rate / Unit' is available, then the system updates license amount utilized as (Quantity Utilized * Rate / Unit).

Quantity Reinstated

The system displays the sum total of quantity reinstated for the goods code in BC and LC contract and Import License Utilization screen.

License Amount Reinstated

The system displays the sum total of license amount reinstated for the goods code in BC and LC contract and Import License Utilization screen.

If the license utilization basis is ‘Quantity’ and ‘Rate / Unit’ is available, then the system updates license amount reinstated as (Quantity Reinstated * Rate / Unit).

Available Quantity

The system displays the available quantity for the goods code.

If the license utilization basis is ‘Quantity’, then the available quantity for the goods code will be derived by the system as Quantity - Quantity Utilized + Quantity Reinstated.

Available License Amount

The system displays the available license amount for the goods code.

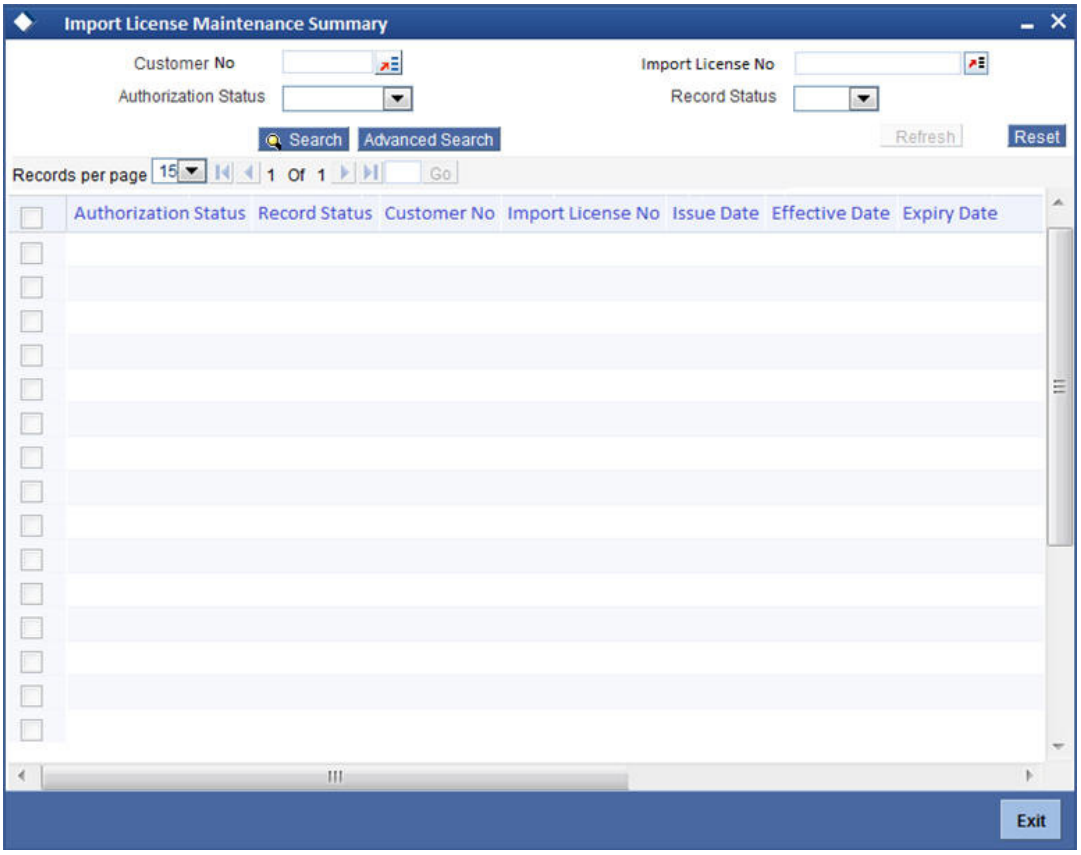
If the license utilization basis is ‘Amount’, then the system displays the available license amount for the goods code as License Amount - License Amount Utilized + License Amount Reinstated.

If the license utilization basis is ‘Quantity’ and ‘Rate / Unit’ is available, then the system updates available license amount as (Available Quantity * Rate / Unit).

3.6 Viewing Import License Maintenance Details

You can view the import license details maintained in the ‘Import License Maintenance’ screen using the ‘Import License Maintenance Summary’ screen.You can invoke this screen

by typing ‘LCSIMLIC’ in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



In the above screen, you can base your queries on any or all of the following parameters and fetch records:

- Customer No
- Authorization Status
- Import License No
- Record Status

Select any or all of the above parameters for a query and click ‘Search’ button. The records meeting the selected criteria are displayed.

If you are allowed to query import license details, then system displays the following details pertaining to the fetched records:

- Authorization Status
- Record Status
- Customer No
- Import License No
- Issue Date
- Effective Date
- Expiry Date
- Currency
- Total License Amount
- Total License Amount Utilized
- Total License Amount Reinstated

- Total License Amount Available

3.6.1 Operations on Import License Utilization

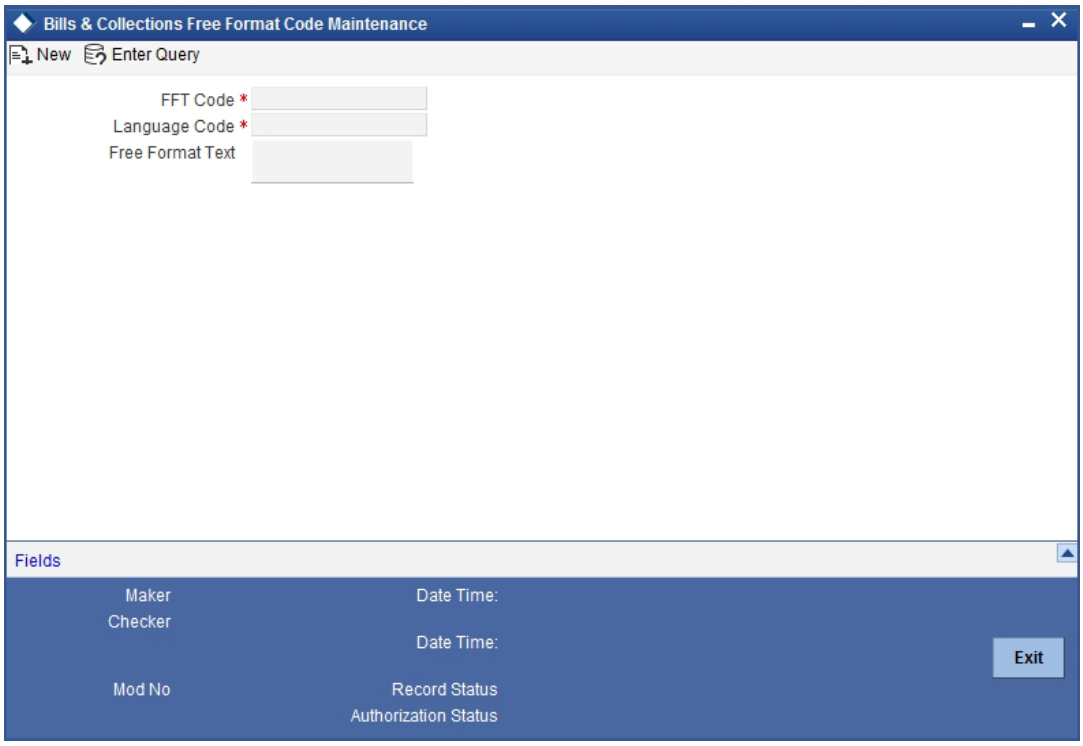
On an Import License record, you can perform of the following operations (if any icon is disabled in the application toolbar, it means that the function is not allowed for the record):

- Amend the details of a record
- Authorize a record
- Copy the details of a commodity, on to a new record
- Close a record
- Print the details of a record
- Delete a record

Please refer to the manual on Common Procedures for details of these operations.

3.7 Maintaining Free Format Text Codes

Free Format Text (FFT) may be a set of instructions or statements that are applicable to the LCs that you process. There are certain standard statements that should appear in the correspondence and messages, sent to the parties involved in an LC. Instead of specifying the details of an FFT each time you need to use it, you can maintain them in the 'Bills and Collections Free Format Code Maintenance' screen. The advantage of maintaining FFT details is that at the time of creating a product or while entering the details of an LC, you only need to specify the code assigned to the FFT. All the details maintained for the FFT code will be automatically picked up. This reduces your effort, as you do not need to enter the description of an FFT each time you use it. You can invoke this screen by typing 'BCDFFTCD' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. If you are maintaining the details for the FFT for the first time, click new icon in the tool bar.



Specify the following details:

Text Code

In Oracle FLEXCUBE, each FFT that you maintain is identified by a twelve character code called an FFT Code. You can follow your own conventions for devising the code. However, at least one of the characters of the goods code should be a letter of the English alphabet.

The code that you specify should be unique since it identifies the FFT. While creating a product, or at the time of entering the details of an LC you only need to specify the code assigned to the FFT. The FFT details will be automatically picked up and defaulted.

Language Code

The language used in the document which you bank receives from the customer.

Free Format Text

After assigning a code to identify an FFT, you can proceed to maintain the description of the FFT. The description that you specify can contain text up to two thousand characters.

3.7.1 Specifying UDF Values

You can specify values for all the User Defined fields (UDFs) created and attached to the 'Bills and Collections Free Format Code Maintenance' screen. You can view the list of UDFs associated to this screen by clicking 'Fields' button.

You can enter the value for the UDFs listed here in the 'Value' column.

For more details on how to create user Defined fields, refer chapter 'Creating custom fields in Oracle FLEXCUBE' in the User Defined Fields User Manual under Modularity.

3.7.2 Operations on FFT Maintenance Record

On an existing FFT Maintenance record, you can perform the following operations (if any icon is disabled in the application toolbar, it means that the function is not allowed for the record):

- Amend the details of the record
- Authorize the record
- Copy the details of an FFT on to a new record
- Close the record
- Reopen the closed record
- Print the details of a record

- Delete the record

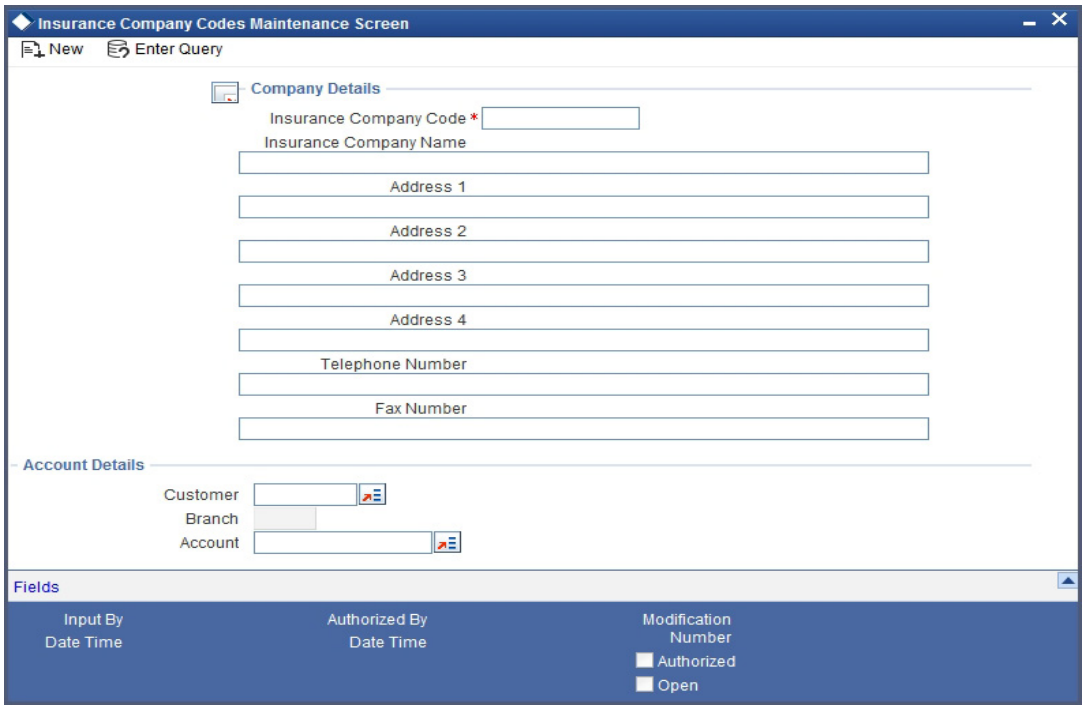
Refer to the manual on Common Procedures for details of these operations.

3.8 Maintaining Insurance Company Details

An LC, as an instrument of international trade involves the shipment of large merchandise over long distances. To cover the loss or damage of the goods during transition, most merchandise traded under an LC is covered with an insurance policy. You can maintain the details of different Insurance Companies in Oracle FLEXCUBE.

At the time of capturing the details of an LC contract in the system, you can associate the appropriate Insurance Company Code with the contract. Upon selection of the code, all the details maintained for the selected code will be automatically picked up by the system. Subsequently, on receipt of the insurance policy from the company, the insurance policy number can also be captured in the relevant contract.

You can maintain the details of an insurance company through the 'Bills and Collections Insurance Company Maintenance' screen. You can invoke this screen by typing 'BCDINSCO' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



In this screen, you can maintain the following details of Insurance Companies:

3.8.1 Specifying Company Details

Insurance Company Code

Specify a unique code for each insurance company being defined in the system. The insurance company will be identified by this code throughout the system. This is mandatory information and if not provided, you will not be allowed to save the details of the company.

You can use a maximum of 9 alphanumeric characters to create the company code.

Insurance Company Name

After specifying a unique code for the company, you can also specify the full name of the insurance company.

Address 1 to 4

Specify the mailing address of the insurance company being defined. You can maintain a maximum of four lines of address. Each line of address can accommodate a maximum of 105 alphanumeric characters.

Telephone Number

Capture the telephone number of the insurance company.

Fax Number

Capture the fax number of the insurance company.

> **Note**
>
> The insurance company will be available for association with LC contracts only after you authorize the company details.

3.8.2 Specifying Account Details

Customer

Specify the customer name.

Account

Specify the account details.

3.8.3 Specifying UDF Values

You can specify values for all the User Defined fields (UDFs) created and attached to the 'Bills and Collections Insurance Company Maintenance' screen.

You can view the list of UDFs associated to this screen by clicking 'Fields' button.

You can enter the value for the UDFs listed here in the 'Value' column.

For more details on how to create user Defined fields, refer chapter 'Creating custom fields in Oracle FLEXCUBE' in the User Defined Fields User Manual under Modularity.

3.8.4 Operations on Company Maintenance Record

On an existing Company Maintenance record, you can perform the following operations (if any icon is disabled in the application toolbar, it means that the function is not allowed for the record):

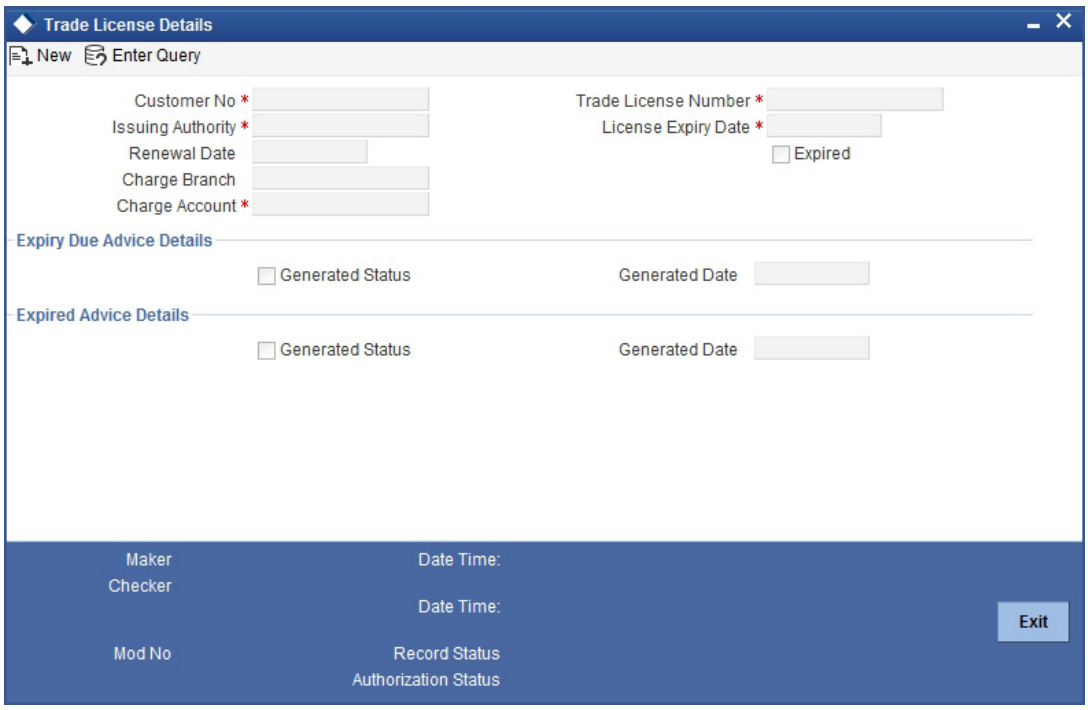
- Amend the details of the record
- Authorize the record
- Copy the details of a record on to a new record
- Close the record
- Reopen the closed record
- Print the details of a record
- Delete the record

Refer to the manual on Common Procedures for details of these operations.

3.9 Maintaining Trade License Details

Oracle FLEXCUBE allows you to maintain the TradeLicense Expiry Date of all the customers of your bank. You can maintain only one License Expiry Date for a customer. On selection of the CIF ID of the customer at the time of processing an LC contract, the Trade License Expiry Date maintained for the selected CIF ID is also displayed in the LC Contract screen. The system will not do any validations based on the expiry date. It is used only for information purpose.

You can capture trade license expiry date through the 'Trade License Details' screen. You can invoke this screen by typing 'STDEXPDT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Specify the following details.

Customer No

Every customer of your bank is identified by a unique CIF ID. All authorized and active corporate CIF IDs are displayed in the option-list. You can select the appropriate CIF ID from the list.

Issuing Authority

Specify the government authority which issued the trade license to the customer.

Renewal Date

Specify the date on which the trade was renewed.

Charge Account

Specify a valid account to be used to collect the charges for trade license expiry. The adjoining option list displays all open and authorized accounts belonging to the customer. You can select the appropriate one.

Charge Branch

The system displays the Branch Code where the Charge Account is held.

Trade License No.

Specify the trade license number. This must be unique for each customer.

License Expiry Date

Specify the Trade License Expiry Date for the customer. The expiry date maintained here is validated during the following operations:

- Upon saving customer information
- Upon saving customer account
- Upon saving limits facilities
- Upon saving FT contract , LC contract, and BC contract
- Upon saving LC availment
- Upon saving BC liquidation
- Upon saving CL account, disbursement, payment and amendment

Note

Days before the license is due to expire, a notification is generated and sent to the customer. The number of days before which this notification needs to be generated is maintained at the Bank Parameters Preferences level.

Expired

The system marks the trade license of the customer as expired during EOD if the system date happens to be greater than or equal to trade license expiry date.

Expiry Due Advice Details

During EOD, advices are generated for customers whose trade license is impending expiry.

Generated Status

The success or failure of message generation through the above process is indicated by the true and false status of the field ‘Generated Status’.

Generated Date

The system displays the date on which the message was generated, if any.

Expired Advice Details

During EOD, advices are generated for customers whose trade license has expired.

Generated Status

The success or failure of message generation through the above process is indicated by 'True' or 'False' status of this field.

Generated Date

The success or failure of message generation through the above process is indicated by the true and false status of the field 'Generated Status'.

3.9.1 Operations on Licence Expiry Date Record

On an existing Licence Expiry Date Maintenance record, you can perform the following operations (if any icon is disabled in the application toolbar, it means that the function is not allowed for the record):

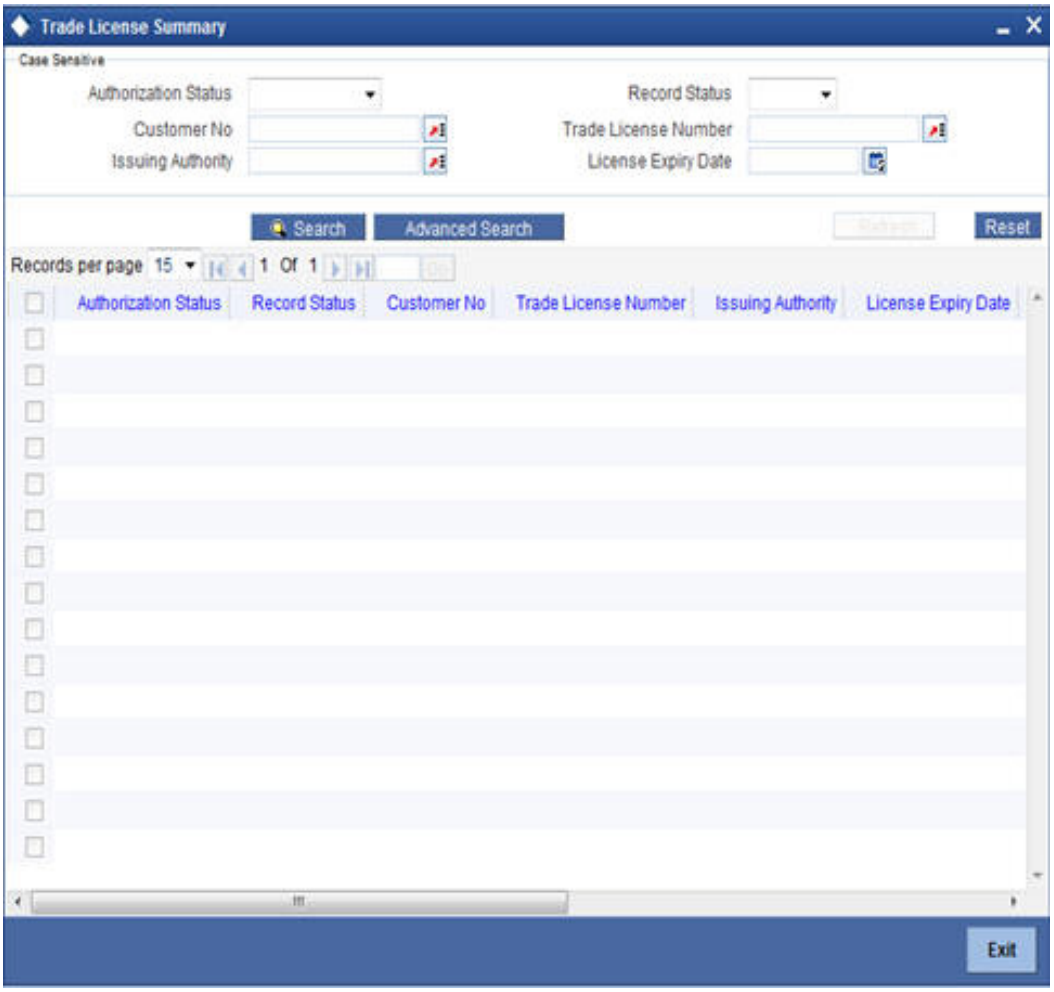
- Amend the details of the record
- Authorize the record
- Copy the details of a record on to a new record
- Close the record
- Reopen the closed record
- Print the details of a record
- Delete the record

Refer to the manual on Common Procedures for details of these operations.

3.10 Viewing Trade License Details

You can view the trade license details maintained in the 'Trade License Details' screen using the 'Trade License Summary' screen.You can invoke this screen by typing 'STSEXPDT' in the

field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



In the above screen, you can base your queries on any or all of the following parameters and fetch records:

- Authorization Status
- Record Status
- Customer No
- Trade License Number
- Issuing Authority
- License Expiry Date

Select any or all of the above parameters for a query and click 'Search' button. The records meeting the selected criteria are displayed.

If you are allowed to query trade license details, then system displays the following details pertaining to the fetched records:

- Authorization Status
- Record Status
- Customer No
- Trade License Number
- Issuing Authority

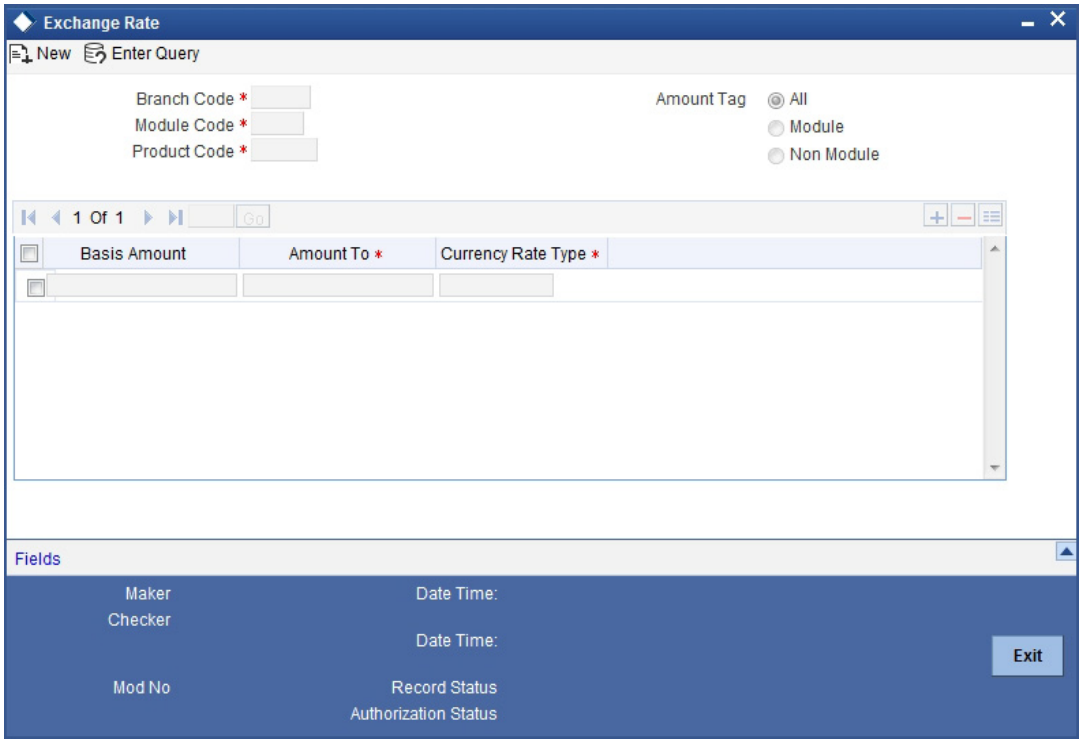
- License Expiry Date
- Renewal Date
- Expired
- Generated Status
- Charge Branch
- Charge Credit Account

3.11 Maintaining Exchange Rates for Bills

Oracle FLEXCUBE allows you to apply different exchange rates based on the amount involved in the transaction. The cut-off amount slabs are maintained in the local currency of your bank. If the transaction currency is not the local currency, the system will first convert the transaction amount into the local currency equivalent using the Standard Mid Rate. This is necessary as the cut-off amount slabs are maintained in the local currency. The system will then validate the converted amount against the different amount slabs to determine the appropriate rate type. This is the rate type that will be used for the actual conversion of the transaction currency into the local currency equivalent.

You can capture the exchange rate types for different amount slabs through the 'Bills and Collections Exchange Rate Type Maintenance' screen.

You can invoke this screen by typing 'BCDAMTEX' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



In this screen, you can specify the amount slabs for a branch, module and product combination.

Branch Code

Each branch of your bank is identified by a unique code. All authorized and active branch codes are available in the option-list. You can select the appropriate branch code from the list.

Module Code

Like wise, all the modules (like Loans & Deposits, Letters of Credit, Bills & Collections, Funds Transfer etc) available in your bank are also displayed in an option-list. All active and authorized records are available for selection. You can select the appropriate module code from the list.

Product Code

The various products/services offered by your bank are also available in an option-list. Select the product code from the list. Alternatively, you can also maintain the cut-off amounts that will be applicable for all the branches, modules, and products of your bank. You can make the following selections to do this:

- Branch Code – ALL (all branches)
- Module Code – AL (all modules)
- Product Code – ZALL (all products)

Amount Tag

Amount tags identify the various components (eg Bill Amount, Loan Principal, LC Amount etc.) involved in a contract. You can maintain the cut-off amount slabs for:

- All: The maintenance will be applicable to all the amount tags available in the system (Module tags and Non-module tags).
- Module: The amount tags that are specific to a particular module are known as Module Tags. For eg the amount tag PRINCIPAL is specific to the Loans module, BILL_AMOUNT is defined for the Bills module and so on.
- Non-Module: The amount tags that are internally created by the system are referred to as Non-Module tags. The system will automatically create the amount tags for the Interest, Tax, Charge, and Commission components that you define for a product.

3.11.1 Specifying Exchange Rate Maintenance

Basis Amount

Specify the floor basis amount. The upper limit of the previous amount slab gets defaulted as the Floor Basis Amount.

Amount To

Specify the ceiling limit of the slab.

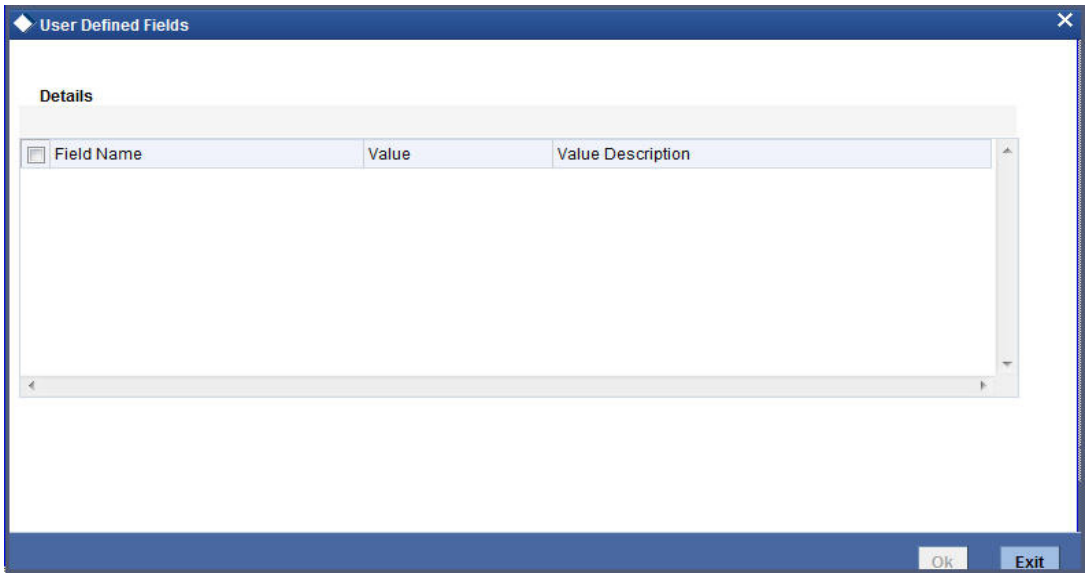
Click add icon to capture each subsequent amount slab.

Currency Rate Type

You can associate a different exchange rate type with each cut-off amount slab that you have maintained. All authorized and active rate types defined in your system are available in the option-list. Select the appropriate rate type for each amount slab.

3.11.2 Specifying UDF Values

You can specify values for all the User Defined fields (UDFs) created and attached to the 'Bills and Collections Exchange Rate Type Maintenance' screen. You can view the list of UDFs associated to this screen by clicking 'Fields' button.



You can enter the value for the UDFs listed here in the 'Value' column.

For more details on how to create user Defined fields, refer chapter 'Creating custom fields in Oracle FLEXCUBE' in the User Defined Fields User Manual under Modularity.

3.11.3 Operations on Exchange Rate Type Maintenance Record

On an existing Exchange Rate Type Maintenance record, you can perform the following operations (if any icon is disabled in the application toolbar, it means that the function is not allowed for the record):

- Amend the details of the record
- Authorize the record
- Copy the details of a record on to a new record
- Close the record
- Reopen the closed record
- Print the details of a record
- Delete the record

Refer to the manual on Common Procedures for details of these operations.

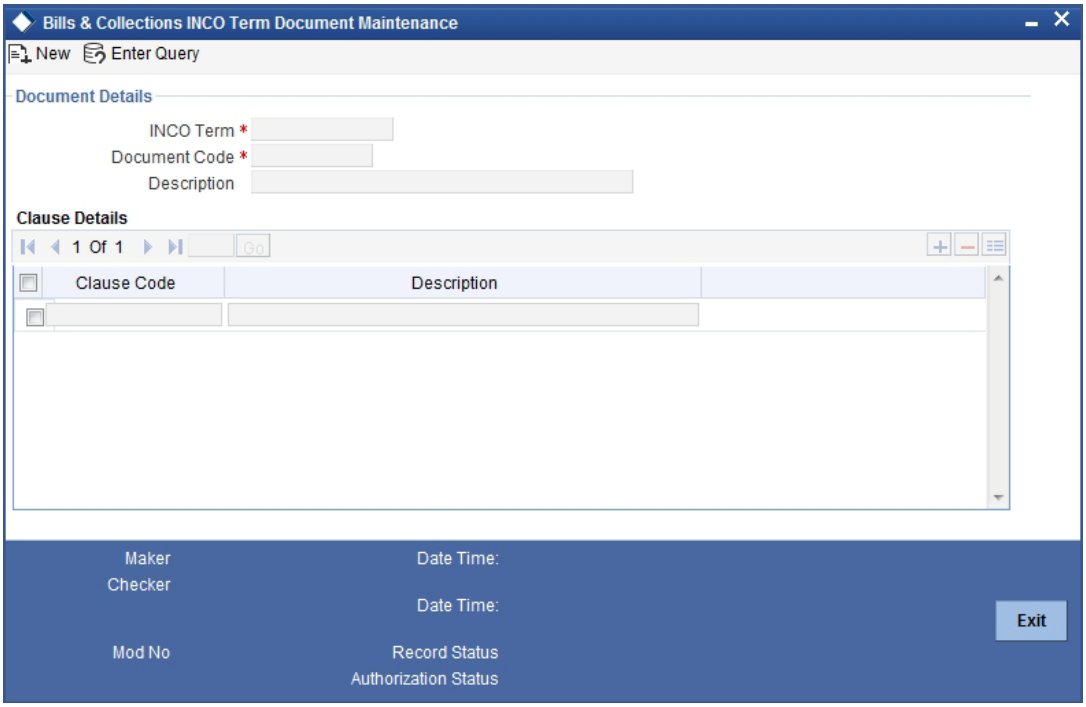
3.12 Maintaining INCO Terms

INCOTERMS or International Commercial Terms indicate who will bear the freight, insurance and ancillary charges i.e. charges relating to an import or export consignment other than the cost of the goods/service. Additionally, they also determine which party will make arrangements to clear the goods from a port or airport. There are 13 INCO terms given by the ICC (full form required).

Each INCO term is a three-letter code stating the responsibility of the seller i.e. the beneficiary in an LC. For instance 'EXW' states that the responsibility of the seller is limited to keeping

the goods at his factory ready for export and it is the buyer's responsibility to pick it up and arrange for onward freight and insurance. Under 'FOB' the seller is responsible for securing export clearance and placing the goods on board a ship in his country. From that point on i.e. the cost relating to the freight, transit insurance and clearing the goods for import are the buyer's responsibility. 'CIF' states that the seller is responsible for the freight/transport charges and insurance upto the point of destination. 'DDP' indicates that the seller has to take complete responsibility to arrange and pay for transport, insurance and export/import clearances. An INCO term is also specific to the mode of transport used. The terms 'FAS', 'FOB', 'CFR' and 'CIF' should only be used when the shipment mode is sea.

You can associate documents and clauses to INCO terms as part of a one-time maintenance for your bank. You can do this through the 'INCO Term Document Maintenance' screen. You can invoke this screen by typing 'BCDINCOD' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Here, you need to specify the following:

3.12.1 Specifying Document Details

INCO Term

The following are the INCO terms for which you can maintain documents and clauses:

- EXW - EX Works
- FCA - Free Carrier
- FAS - Free Alongside Ship
- FOB - Free On-Board
- CFR - Cost and Freight
- CIF - Cost Insurance Freight
- CPT - Carriage Paid to
- CIP - Cost Insurance Paid
- DAF - Delivered at Frontier
- DES - Deliver Ex Ship

- DEQ - Delivered Ex Quay
- DDU - Delivered Duty Unpaid
- DDP - Delivered Duty Paid
- DAT - Delivered at Terminal
- DAP - Delivered at Place

Document Code

You need to associate a valid document to an INCO term. All valid document codes maintained (through the 'Bills and Collections Document Master Maintenance' screen) in your current branch are made available here for selection. You can associate any number of valid documents to an INCO term.

Description

A brief description of the chosen document is displayed here.

3.12.2 Specifying Document Details

Clause Code

To each document associated with an 'INCO Term', you need to associate a clause. The adjoining option list displays all clause codes maintained in through the 'Clause Maintenance' screen. You can choose the appropriate one.

To each document associated with an 'INCO Term', you can associate any number of clauses.

Description

A brief description of the chosen clause is displayed here.

3.12.3 Operations on INCO Term Maintenance Record

On an existing INCO term maintenance record, you can perform any one of the following operations (if any icon is disabled in the application toolbar, it means that the function is not allowed for the record):

- Create a record
- Unlock and amend the details of the record
- Delete the record

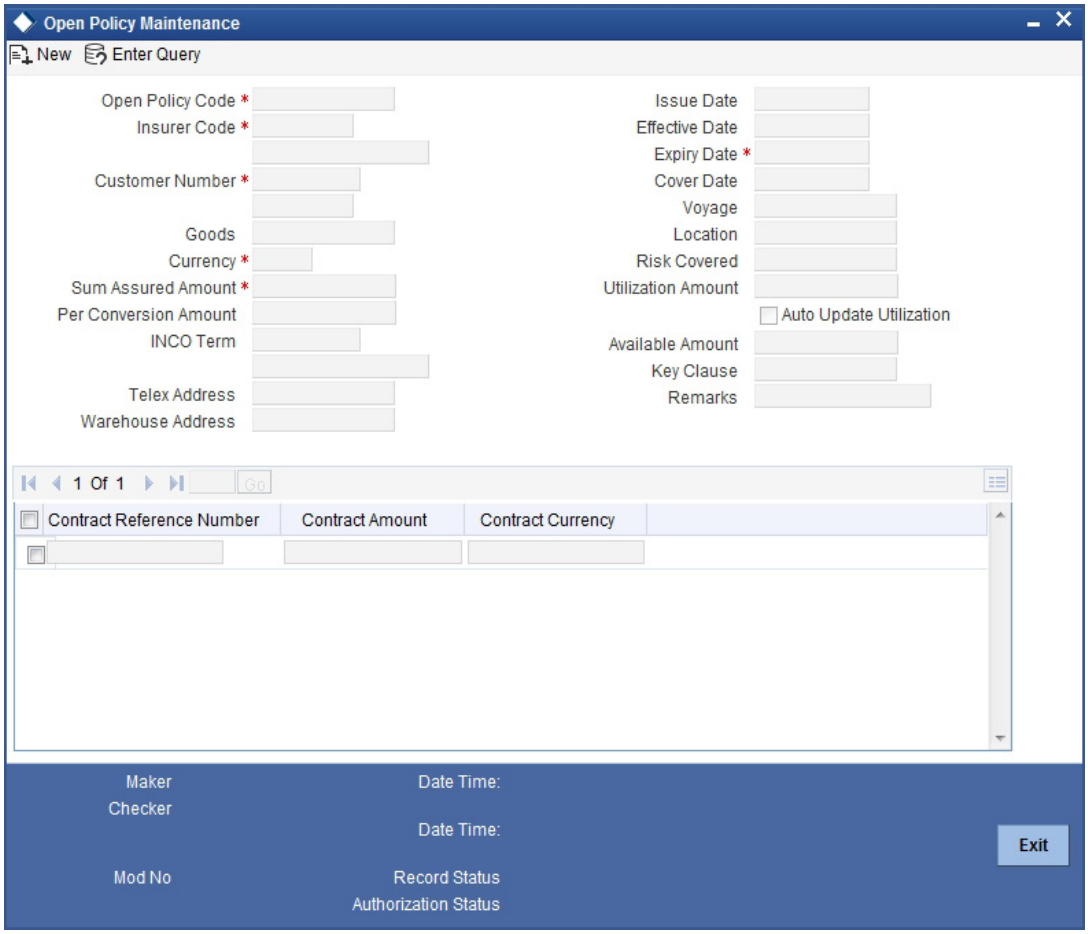
During the 'amend' operation, you can amend the clause code only.

Refer to the chapter on common procedures for details on each of these operations.

3.13 Maintaining Open Insurance Policy Details

A trader can enter into an open insurance policy with an insurance company to insure all goods in transit falling within that agreement for an indefinite period, until the agreement is cancelled by either party. You can capture details of such insurance policies using the 'Open Policy Maintenance' screen.

You can invoke this screen by typing ‘LCDOPNPL’ in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Here you can capture the following details:

Open Policy Code

Specify a unique alphanumeric code to identify the policy. You can specify a maximum of 105 characters.

Insurer Code

Specify the insurer who has issued the policy. The adjoining option list displays all insurance companies maintained using the ‘Bills & Collections Insurance Company Maintenance’ screen. You can select the appropriate one.

CIF ID

Specify the customer identification number (CIF) for whom the policy is issued. The adjoining option list displays all CIF maintained using the ‘Customer Information Maintenance’ screen. You can select the appropriate one.

Short Name

The system displays the short name.

Goods

Specify the goods to be linked to the open policy.

Currency

Specify the currency in which the total sum assured and the amount per conveyance should be maintained. The adjoining option lists displays all currency codes maintained in the system. You can select the appropriate one.

Sum Assured Amount

Specify the total amount assured for the policy.

Per Conversion Amount

Specify the limit to be set for every transaction under the policy.

INCO Term

Specify the INCO term that should be linked to the policy. The adjoining option list displays the following values:

- EXW - EX Works
- FCA - Free Carrier
- FAS - Free Alongside Ship
- FOB - Free On-Board
- CFR - Cost and Freight
- CIF - Cost Insurance Freight
- CPT - Carriage Paid to
- CIP - Cost Insurance Paid
- DAF - Delivered at Frontier
- DES - Deliver Ex Ship
- DEQ - Delivered Ex Quay
- DDU - Delivered Duty Unpaid
- DDP - Delivered Duty Paid
- DAT - Delivered at Terminal
- DAP - Delivered at Place

You can choose the appropriate one.

Telex Address

Specify the telex number of the customer.

Warehouse Address

Specify the warehouse address of the customer.

Issue Date

The system displays the application date here. However you can change it.

Effective Date

Specify the date on which the policy becomes effective.

Expiry Date

Specify the date on which the policy expires. Note that this date has to be greater than the effective date.

Cover Date

Specify the cover date for the policy. This date should not exceed the expiry date.

Voyage

Specify details of the shipment that can be undertaken under this policy.

Location

Specify details of the location to which goods can be shipped under this policy.

Risk Covered

Specify details of the risk coverage for goods under this policy.

Utilized Amount

If you have checked the option 'Update utilization Automatically' the system will display the amount that has been utilized out of the total insured sum. If an LC contract is linked, the utilization amount will show the LC contract amount. In case of a BC contract being linked subsequently, the amount will be re-instated accordingly. If that option is not checked, then you need to enter the utilized amount.

If the linked LC contract is reversed or deleted, the utilization will be reduced to the extent of LC amount.

Auto Update Utilization

Check this option to indicate that the system should automatically update utilization amount based on the transactions undertaken under the policy.

Available Amount

The system displays the amount available for further utilization. This amount is arrived at by subtracting the utilized amount from the total sum assured.

Key Clauses

Specify the clauses that you wish to link to the policy.

Remarks

Specify remarks pertaining to the policy.

3.13.1 Specifying Open Policy Details

While querying on records, you can view the following details:

Contract Reference Number

The reference number of the linked LC contract is displayed here.

Contract Currency

The system displays the contract currency of the linked LC contract..

Contract Amount

The system displays the contract amount of the linked LC contract.

While creating a new policy or amending an existing one, you cannot modify the fields under the 'Contract Linkage' section. You can modify the following fields while amending a record:

- Expiry Date
- Voyage
- Location
- Risk Covered
- Per Conveyance Amount
- Key Clauses
- Remarks
- Cover Date
- Utilization Amount (If the option 'Update utilization Automatically' is not checked)

- Update utilization automatically
- Telex Address
- Warehouse Address

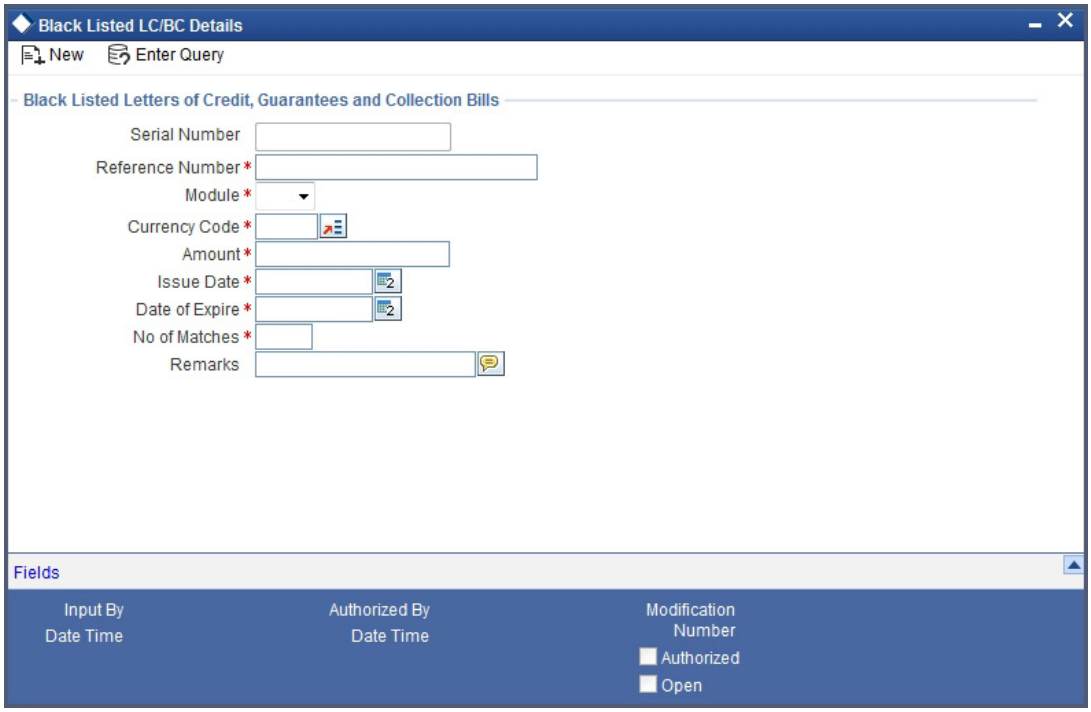
3.13.2 Operations on an Open Policy Record

You can perform the following operations on this record:

- New
- Unlock
- Close
- Copy

3.14 Blacklisting LCs

You can black list LCs and collection bills based on a set of criteria that you can define. You can define criteria for black listing LCs and bills in the 'Black Listed Transaction Input' screen. You can invoke this screen by typing 'TFDBKLST' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



You can set up the following criteria for blacklisting LCs and Bills:

- The module to which the contract belongs
- The reference number of the party (For LCs, specify the reference of the Issuer. For Bills, enter the reference of the Remitting bank).
- The Currency Code of the contract
- The Contract Amount
- The Issue Date and
- The Expiry Date

Number of Matches

Now that you have set up the criteria for black listing contracts, you need to indicate the number of the above criteria that should be used to black list LCs and Bills.

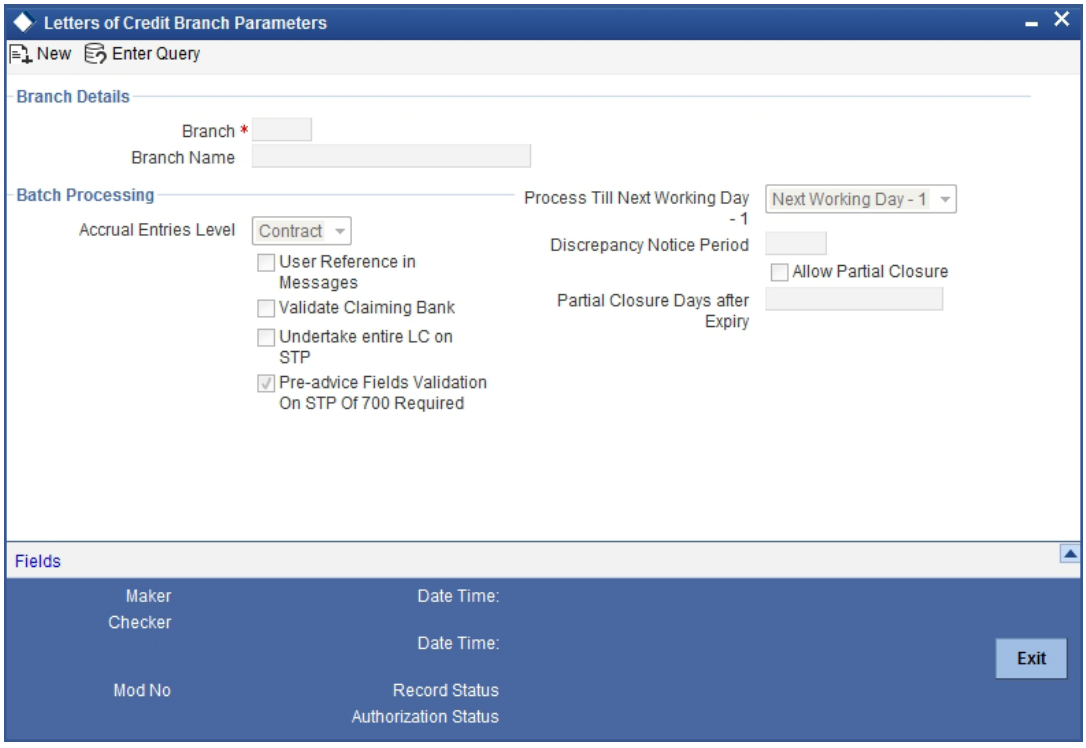
For example you indicate 2 in the field Number of Matches. All LCs/Bills that match at least two of the blacklisting criteria that you specified will be displayed for blacklisting.

After you indicate the blacklisting criteria, click save icon to save the record. A message with the Reference Number of the LCs/Bills that matches the blacklisting criteria that you specified is displayed. You can choose to blacklist the contract or ignore the message.

If you enter a new LC/Bill that matches the blacklisting criteria, you will be prompted for an override. Similarly, if you attempt to amend the details of a blacklisted LC/Bill, you will be prompted with an override.

3.15 Maintaining Branch Parameters for Letter of Credit

You can maintain letter of credit details specific to a branch using the 'Letters of Credit Branch Parameters' screen. These parameters can be maintained for each branch of your bank. You can invoke this screen by typing 'LCDBRPRM' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



The following details can be captured here:

Branch Details

Branch Code

Specify the branch code for which you need to maintain specific parameters. Alternatively, you can select the branch code from the adjoining option list also. All branch codes maintained in the system will be available in the list of values for selection.

Branch Name

The branch name is defaulted based on the branch code selected.

Batch Processing

Accrual Entries Level

Select the option to indicate the level at which accrual has to be done and entries have to be passed, from the drop-down list. The options available are:

- Product
- Contract

Process Till Next Working Day - 1

Select the day on which automatic events, such as; accrual, liquidation etc., falling due on a holiday should be processed, from the adjoining drop-down list. This list displays the following options:

- Next Working Day - 1 – Select this option if you want the batch process to process all the automatic events, which are due on the holiday, as part of the EOD on the last working day before the holiday.
- System Date –Select this option if you want the batch process to process the automatic events, which are due on the holiday, as part of BOD on the first working day after the holiday. On the last working day before the holiday, batch process processes only the events scheduled for that day.

For example the current branch date is 20 March 1998. On 21 March 1998, which is a holiday, the following automatic events fall due:

- The automatic closure of an LC
- Automatic reinstatement of the LC amount
- Automatic accrual of commission and charges

Next working Day - 1

If you specify that the processing should be done on the last working day - 1, the above events will be processed on March 20, as part of the batch process run at End of Day.

System Date

If you specify that the processing should be done only up to the system date, then the events scheduled for 21 March 1998, will be processed as part of the Batch Process run as part of Beginning of Day on 22 March 1998.

User Reference Number in Messages

Check this box to include User Reference Number in messages.

If you check this box then system will display the User Reference Number in the ‘User Ref No’ column of the account statement for the LC contract.

Note

For the user reference to be picked up in the account statement, the new tag ‘Userrefno’ is included in the account statement format.

Validate Claiming Bank

Check this box to validate claiming bank.

If you check this box, you can check if the sender of the MT742 is same as the party recorded against the CLB (Claiming Bank) party for the linked LC.

When a MT740 message is received, the system will insert a record with CLB party type as part of the Import LC Contract only if,

- 41A tag contains a BIC or
- 41D tag contains a value other than ‘ANY BANK’ (the value is the Customer Name/ Customer Address), the CIF ID will be resolved based on these values. If no CIF is resolved, then the Walk-in Customer ID will be inserted as CLB party.

The system will create the Bill Contract, if the CLB party is not recorded as part of the linked Import LC (assuming that it is for ‘ANY BANK’). If CLB party is present for the linked Import LC and if the sender of MT742 is not same as the CLB party, then the system will display an override message and will put the BC contract on HOLD.

When a MT742 message is processed manually in Incoming Browser, the system will perform the above validation. If the validation fails, then the system will display an override message.

Undertake Entire LC on STP

Check this box to default the entire LC amount as undertaken while processing an incoming MT740.

If you do not check this option, the entire LC maximum amount will be defaulted as non-undertaken amount while creating the Import LC contract on receiving MT740. In that case, the default undertaken amount will be taken as zero.

Pre-advice Fields Validation On STP Of 700 Required

Check this box if you require validation of Pre-advice fields mentioned in STP 700 Swift Message. The check box is checked by default; however, you can modify, if needed.

Discrepancy Notice Period

Specify a period within which the discrepancy details should be added to the bills processed under LCs. This period will be calculated from the date of presentation of the bills (which is typically the booking date of the bill) to the issuing bank/confirming bank.

The system will display an override if the discrepancies are added to the bills (in the Bills Contract Details screen) after the discrepancy notice period.

Allow Partial Closure

Check this box to indicate that the LC should be partially closed during LC batch.

If this option is checked, system will do the following as part of the Closure Batch:

- If the entire LC amount is utilized, then the LC will be closed as existing.
- If the LC is partially utilized, then an event, PCLS (Partial Closure of LC) will take place. The Limits, Outstanding Liability and the Cash Collateral for the unutilized amount will be released.

For example assume that an LC of USD 1000 is created. A Bill of USD 700 is created in initial stage by linking the above LC. On the expiry date of LC, as part of Closure batch (if this option is checked at the branch level), system will release the Limits, OS liability and Cash collateral for USD 300 by retaining USD 700 assuming that the Bill to which the LC is linked will be availed at the later stage.

Partial Closure Days after Expiry

Specify the number of days required for the partial closure of the LC after its expiry date. You specify the partial closure days only if the option ‘Allow Partial Closure’ is checked.

The system allows manual partial closure during the partial closure days, until the LC is closed.

The system verifies the date arrived at after adding the number of partial closure days to the expiry date. If this date is later than the closure date of the LC contract, the system closes it on the actual closure date itself.

The above rule applies to export LC contracts as well.

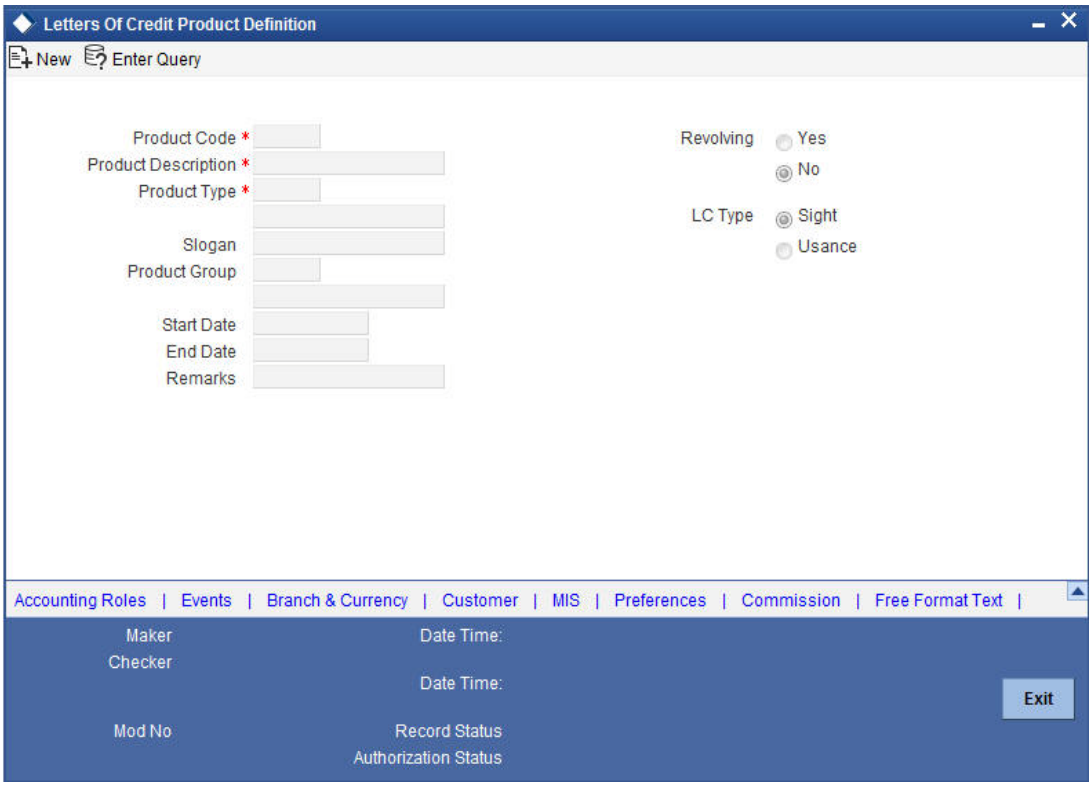
4. Defining Product Attributes

4.1 Introduction

In this chapter, we shall discuss the manner in which you can define attributes specific to a Letters of Credit product. You can create a loans product in the Letters of Credit (LC) Product Definition screen, invoked from the Application Browser.

4.2 Creating LC Product

The basic information about the product such as the Product Code and its description is captured through the 'Letters of Credit Product Definition' screen. Information related to specific attributes of a product can be defined in subsequent screens that can be invoked from the product definition screen. You can invoke this screen by typing 'LCDPRMNT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. The 'LC Product Definition' Screen is displayed. From this screen click new icon on the toolbar. The 'Product Definition' screen will be displayed with no values in the fields. From the 'Summary' screen you can open an existing product. The details of the products that you have created will be displayed in a tabular form.



You can define the attributes specific to a letters of credit product in this screen.

The buttons on this screen are explained below:

Buttons	Description
Accounting Roles	Click this button to define the accounting role to accounting head mapping.

Events	Click this button to select the events for the product and then maintain event-wise accounting entries and advices.
Branch and Currency	Click this button to maintain the list of allowed/ disallowed branches and currencies for the product.
Customer	Click this button to maintain the list of allowed/ disallowed customers/ customer categories.
Preferences	Click this button to define preferences like tenor, Prepayment option etc.
MIS	Click this button to capture MIS related parameters.
Commission	Click this button to define the Commission details.
Charges	Click this button to define charge components, rules, events and other associated details.
Tax	Click this button to associate tax rules and select tax currencies.
Fields	Click this button to provide values for the UDFs associated with the screen.
Free Format Tax	Click this button to attach the Documents and Free format text required for the Product. If you specify details in this screen for a 'Reimburse-ment' type of product, the system will display an error message while saving the product.
Tracers	Click this button to enter details of the tracers that should be generated for all LCs under this product.
Status	Click this button to define the criteria for LC status change.

For any product you create in Oracle FLEXCUBE, you can define generic attributes, such as branch, currency, and customer restrictions, interest details, tax details, etc., by clicking on the appropriate icon in the horizontal array of icons in this screen. For a letters of credit product, in addition to these generic attributes, you can specifically define other attributes. These attributes are discussed in detail in this chapter.

Product Code

The code you assign to a product will identify the product throughout the module. The code should contain four characters. You can follow your own convention for devising the code, however, at least one of the characters should be a letter of the English alphabet.

Since the code that you define is used to identify the product, it should be unique across the modules of Oracle FLEXCUBE. For instance, if you have assigned the code 'LC01' to a particular product in this module, you cannot use it as a code in any other module.

Description

You can enter a brief description of the product, which will be associated with the product for information retrieval purposes.

Product Type

The product type identifies the basic nature of a product. An LC product that you create in Oracle FLEXCUBE can be of the following types:

- Import LC - This is the basic LC product opened at the request of the importer (applicant) by the issuing bank in favour of an exporter beneficiary.
- Export LC - When an import LC has to be conveyed to the beneficiary through an advising bank, for the advising bank this is an export LC.
- Guarantee – This is an undertaking by the guarantor (bank) to make payment to the beneficiary of the guarantee in the event of a default by the applicant of the guarantee. Usually, the only document required for payment is a simple invocation letter. Guarantees are normally used in performance contracts.
- Standby Guarantee -This is used for normal trade works like a guarantee. It is popular in the USA and is characterized by ease of operations. Unlike import LCs, only a single document is required for the bank to make payment.
- Shipping Guarantee - This again operates on the lines of a guarantee but is used in the scenario where the shipping company releases the goods to an importer in lieu of a bill of lading (transport document) subject to a guarantee being issued in its favour.
- Clean LC - A LC not backed by documents. Usually the only document in a clean LC would be the draft or bill of exchange. This type of LC is used where the goods have already been received and only the payment has to be settled through banking channels.
- Advice of Guarantee - When a guarantee has been received by a bank and is to be advised further to the beneficiary's bank the product to be created would be an advice of guarantee.
- Reimbursement

The entries that are passed, the messages that are generated and the processing of contracts involving the product, is determined by your input to this field.

Slogan

You can specify a marketing punch-line to be associated with the product. This slogan will be printed on all the advices that are sent to the customer, for an LC involving this product.

Product Group

Each product is classified under a specific group. The different groups are defined in the Product Group Definition table.

Start/End Date

A product can be set up for use over a specific period, by defining a start and an end date. The Issue Date of an LC involving a product should be:

- The same as or later than the Start Date.
- The same as or earlier than the End Date.

The start and end dates of a product come in handy when you are defining a product for a scheme, which is open for a specific period.

Remarks

You can enter information about the product, intended for the internal reference of your bank. The remarks are displayed when the details of the LC are displayed or printed. However, this information will not be printed on any correspondence with the customer.

To maintain the allowed and disallowed customer and customer categories, you have to click the button and invoke the 'Customer and Customer Restrictions' screen.

Revolving

LC products can be revolving or non-revolving. If you indicate that the product is revolving, you can associate the product with only revolving LCs. While actually processing revolving you can indicate whether the LC should revolve in time or in value. Note that if the product

type is ‘Reimbursement’, the system will automatically select the option ‘No’. You will not be able to change it.

Similarly, if you indicate that the product is non-revolving, you can associate the product to only non-revolving LCs.

Note

All LCs will be of irrevocable nature.

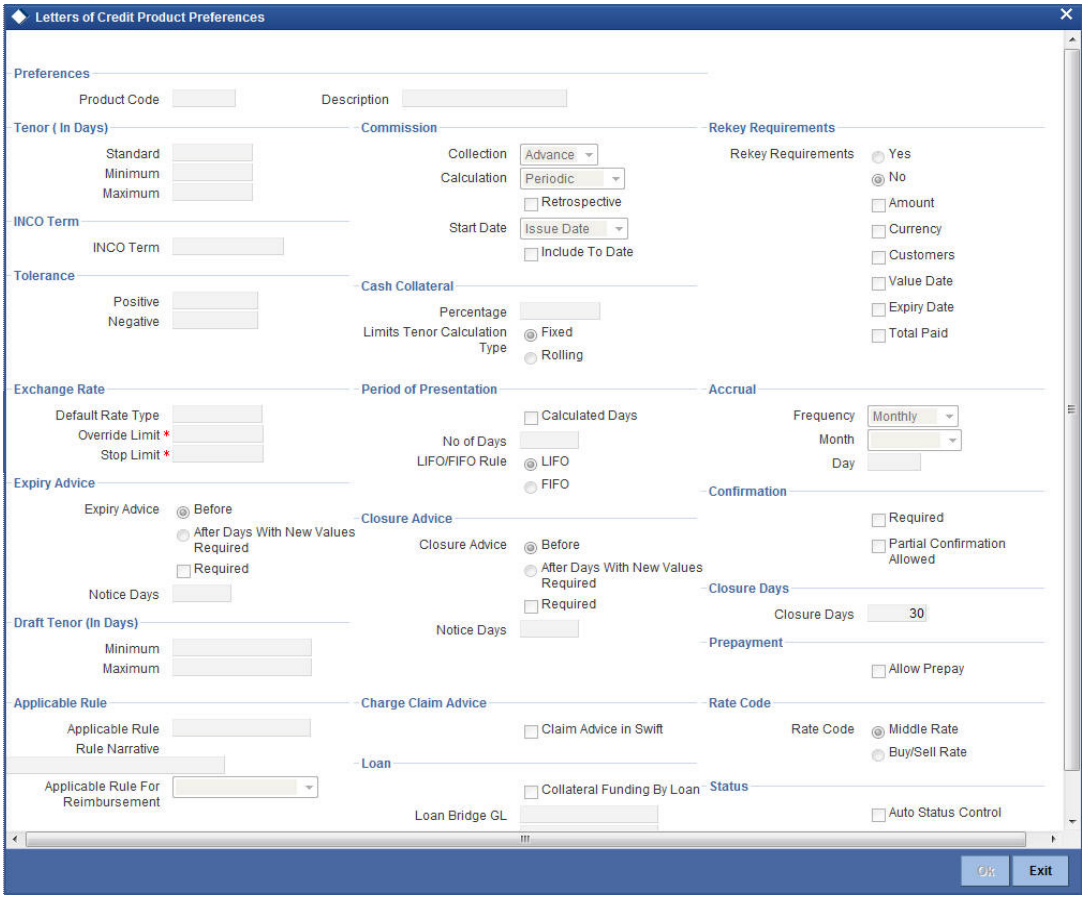
LC Type

LC products can be sight or usance. The system displays an override message if the credit mode is not applicable for LI product.

4.2.1 Specifying Preferences for a Product

Preferences are the options available for defining the attributes of a product. The options you make here will ultimately shape the product. Click ‘Preferences’ button to invoke the ‘Letters of Credit Product Preferences’ screen.

Through this screen you can define preferences for the product you are creating.



The Preferences that you define for a product will be applied to all the LC contracts involving the product.

Product Code and Product Description

The Product Code and the description get defaulted from the main product screen.

Note that if the product you are creating is of the type ‘Reimbursement’, you will be able to specify only the following details:

- Limit Tenor Calculation Type
- Rekey Requirements
- Tolerance
- Exchange Rate

4.2.1.1 Specifying Tenor Related Details

You can set the Standard, Minimum and the Maximum limits for tenor based LCs. The tenor details that you specify for an LC product is always expressed in days.

Standard

The standard tenor is the tenor that is normally associated with an LC involving a product. The standard tenor of an LC is expressed in days and will apply to all LCs involving the product. If you do not specify any specific tenor while processing an LC, the standard tenor will by default apply to it.

The default standard tenor applied on an LC can be changed during LC processing. An expiry date will be calculated based on the tenor, as follows:

Expiry Date = Effective Date + Tenor

Maximum

You can fix the maximum tenor of a product. The tenor of the LCs that involves the product should be less than or equal to the Maximum tenor specified. If not, an override will be required before the LC is stored.

Minimum

The minimum tenor of a product can be fixed. The tenor of the LCs that involves the product should be greater than or equal to the minimum tenor that you specify. If not, an override will be required before the LC is stored.

For example you have defined an LC product, to cater to tenor based import LCs. The minimum tenor specified for this product is 100 days and the maximum tenor is 1000 days. You have also specified a standard tenor of 500 days.

Under this product, you can process LCs with a tenor between 100 and 1000 days. As you have specified the standard tenor as 500 days, by default, an LC involving this product will have a 500 day tenor. At the time of processing the LC you can however, change this tenor to anything between the Minimum and Maximum tenor limits. This is done by changing the Expiry Date of the LC. If the new tenor falls outside the range defined as the maximum and minimum tenors, an appropriate override will be sought.

Cash Collateral Percentage

For a product, you can fix the percentage of the LC amount that should be taken as cash collateral. This percentage will be applied by default and can be changed when the LC is processed. In addition, the currency in which the collateral is to be collected can be specified in the LC Contract Collateral screen, while processing an LC.

For example for a guarantee product, you have specified that customers should offer cash collateral to the tune of 50% of the LC amount. If you enter a guarantee, using this product, valued at USD $100,000, a sum of USD $50,000 which is 50% of the guarantee amount will be collected as cash collateral when the guarantee is issued.

If you enter a guarantee using this product, valued at GBP 500,000, then a sum of GBP 250,000 which is 50% of the guarantee amount will be collected as cash collateral when the guarantee is issued. You can collect the cash collateral in a currency different from the guarantee currency.

4.2.1.2 Specifying LC Authorization Re-key Fields

All operations on an LC (input, modification, reversal, etc.) have to be authorized by a user other than the one who carried out the operation. Authorization is a method of cross checking the inputs made by a user. All operations on an LC, except placing it on hold, should be authorized before beginning the End of Day operations.

You have the option to specify whether certain important details of an LC need to be reeked, at the time of authorization. If you indicate positively, you should also specify the fields that will have to be re-keyed at the time of contract authorization. You can specify any or all of the following as re-key fields:

- Amount
- Currency
- Customer
- Maturity date
- Value date

When you invoke an LC for authorization – as a cross-checking mechanism to ensure that you are calling the right LC – you can specify that the values of certain fields should be entered before the other details are displayed. The complete details of the LC will be displayed only after the values to these fields are entered. This is called the‘re-key’ option. The fields for which the values have to be given are called the‘re-key’ fields.

If no re-key fields have been defined, the details of the LC will be displayed immediately once the authorizer calls the LC for authorization. The re-key option also serves as a means of ensuring the accuracy of inputs.

INCO Term

Specify the INCO term that should be linked to all contracts under this product. The adjoining option list displays all INCO terms available in the system. You can select the appropriate one.

4.2.1.3 Commission Related Preferences

You can specify the following details.

Collection

Indicate when the commission components of an LC should be collected. Commission on an LC can be collected in the following ways:

- Advance - Select ‘Advance’ to indicate that the commission components of the LC should be collected at the time the LC is initiated.
- Arrears - Select ‘Arrears’ to indicate that the commission components of the LC should be collected on the maturity date of the LC.

Choose an option to suit the product you are creating.

Calculation

You can have the commission amount that is due to an LC collected in one of the following ways:

- Periodic - Indicate periodic if commission is to be collected in portions over a period in time. Periodic commission is calculated on the basis of a set of parameters that you define. The values of these parameters as of the beginning of the period are used as they may change when a periodic amount is calculated. For instance, the current outstanding LC amount may be lower at the time of commission collection than at the beginning of the period, because an availment had been processed. When commission is collected on a periodic basis, it will be collected automatically, based on the rate

period that you specify. Periodic commission can be collected either in advance or in arrears, depending on your specification. This specification is made in the Product Preferences screen also. The amount collected will always be for the current period.

- Non-periodic - Indicate non-periodic if the commission amount due to an LC is to be collected as a single sum. In this case, a single commission amount is calculated at the time you enter an LC using a set of parameters that you have defined for the LC. For *advance* collections the commission is collected at the time you enter the LC. If it is collected in *arrears*, then the commission is collected on the expiry date.

Retrospective

Check this option to indicate that commission is collected retrospectively.

Start Date

Specify the start date for commission calculation.

Include To Date

Check this option to indicate that the end date for commission calculation should be included in the calculation tenure.

Refer the Commissions User Manual under Modularity for further commission related preferences.

4.2.1.4 Specifying Tolerance

Tolerance denotes the variance that has to be built around the LC amount, to arrive at the Maximum LC amount.

Positive

A positive tolerance is the percentage that should be added to the LC amount to arrive at the Maximum LC amount. When an LC is issued or advised, the Maximum LC amount will be the outstanding LC amount. This will be the maximum amount available for availment.

Negative

The negative tolerance is the percentage that should be subtracted from the LC amount. The minimum tolerance is captured for information purposes only. The tolerance percentage can be changed when an LC is processed under a product.

The positive and negative tolerance amounts will be a part of the LC instrument and the subsequent amendment instruments. You should use the positive tolerance to indicate the amount that is uncovered, in the LC amount. Instances could be of the freight or insurance not being paid.

Closure Days

You can also maintain the number of days after which all LCs processed under the product being defined, will be closed. The number of days specified here is calculated from the expiry date of the LC to arrive at the closure date, as follows:

LC Closure Date = LC Expiry Date + Closure Days

By default, the system will display 30 days as the closure days. You are allowed to change this value. At the time of capturing the details of an LC contract, the system will calculate the closure date, based on the closure days that you have maintained for the product involved in the contract. However, you can change the date to any other date after the expiry date.

For example for the import LC product, LCIR, your bank has specified the closure days as 20 days.

Let us assume that the expiry date of the LC Contract involving LCIR is 29th February 2000. The system will calculate the closure date as 20th March 2000. This is arrived at, by adding the number of closure days to the expiry date of the LC (i.e. 29th Feb + 20 days = 20th March).

4.2.1.5 Specifying Exchange Rate Related Details

You can specify the exchange rates to be picked up and used, when an LC in a foreign currency, is processed.

Default Rate Type

Specify the rate type to be used to process an LC.

The exchange rate variance is applicable only if the defaulted rates are changed for an LC, in a foreign currency. For the rate type applicable, you can specify the variance based on which, either an override should be sought or the LC should not be saved.

Rate Override Limit

If the variance between the rate defaulted and the rate input is a percentage that lies between the Rate Override Limit and the Rate Stop Limit, the LC can be saved by giving an override.

Rate Stop Limit

If the variance between the rate defaulted and the rate input is a percentage value greater than or equal to the Rate Stop Limit, the LC cannot be saved.

For example for a product, you have specified the override range as between 7% and 30%. In such a case the entries in these fields would read as follows:

- Rate Override Limit - 7%
- Rate Stop Limit - 30%

You enter an LC involving this product. This is a cross currency contract involving the American and the Australian dollar. Also assume that the standard mid-rate for the currency pair is 1.25. We shall examine the three possible situations that you can encounter.

Below the override limit - Let us assume that for the LC you have specified the exchange rate to be 1.2. In this case the exchange rate exceeds the standard rate by 4%. The LC will be processed without any override.

Within the override limit - If you have specified the exchange rate to be 2.0. In this case you exceeded the standard rate by 20%. You will be prompted to confirm the override. If you confirm the override the LC will be processed using these rates.

Above the override limit - Let us visualise a situation in which you have specified the exchange rates to be 2.5. In this case you have exceeded the standard rate by 100%. In such a case an error message will be displayed and you will not be allowed to continue until the exchange rate you specify is within the permissible limit of 7-30%.

4.2.1.6 Specifying Period of Presentation

As part of the preferences you define for a product, you can specify the manner in which the Period of Presentation should be calculated for the documents that accompany LCs processed under the product. The period of presentation can be arrived at in two ways.

Number of Days

Firstly, you can specify it directly, in terms of days, in the Number of Days field. Typically, this would be 21 days. (However, you can change this to suit your need.) If you choose this option, the number of days specified will *default* to all LCs processed under the product. The value will default to the 'Period For Presentation' field in the LC Contract – Others screen.

Calculated Days

You can opt to calculate the period of presentation as follows:

Expiry Date of the LC – Latest Shipment Date

(You would choose this option if the period of presentation varies for each LC processed under a product.) To specify this manner of calculating the period of presentation, choose the 'Calculated Days' option.

The system uses the Expiry Date and the Last Shipment Date specified for the LC you are processing, and arrives at the period of presentation. The period of presentation defined for the product - or calculated for the LC, as the case may be - will be displayed in the 'Period For Presentation' field in the LC Contract - Others screen. You can change the default to suit the LC you are processing.

4.2.1.7 Generating LC Expiry Advices

While creating an LC product, you can indicate whether an expiry advice should be generated for LCs involving the product.

Required

Check this option to indicate that an expiry advice should be generated for LCs involving the product.

Expiry Advice

These advices are generated based on the preferences that you specify for them. Select the appropriate option on the screen to indicate your preference. If you indicated that an expiry advice should be generated, you need to indicate:

- Before – Select this option if the advice is to be generated before expiry.
- After Days with New value Date - Select this option if the advice is to be generated after expiry.

Notice Days

Specify the number of days before/after expiry when the advice should be generated.

4.2.1.8 Generating LC Closure Advices

While creating an LC product, you can indicate whether a closure advice should be generated for LCs involving the product.

Required

Check this option to indicate that a closure advice should be generated for LCs involving the product.

Closure Advice

These advices are generated based on the preferences that you specify for them. Select the appropriate option on the screen to indicate your preference. If you indicated that a closure advice should be generated, you need to indicate:

- Before – Select this option if the advice is to be generated before closure.
- After Days with New value Date - Select this option if the advice is to be generated after closure.

Notice Days

Specify the number of days before/after closure when the advice should be generated.

Rate Code

When defining the settlement details for a product, you can specify the rate type (under the Rate Code option) that should be used in case of cross-currency settlements. Your specification for the product will default to all contracts involving the product. However, you can change the rate type defined for the product to suit a contract entered under the product. The 'rate type' indicates the type of exchange rate that will be used. It can be:

- Mid rate maintained for the currency pair
- Buy or Sell rate depending upon the nature of the transaction (debit or credit).

Note

In case of charges, the system will apply mid rate maintained for the currency pair as per default rate type maintained in preferences at LC Product Level.

4.2.1.9 Specifying Draft Tenor in Days

Minimum

Specify the minimum draft tenor for an LC product.The value that you enter must be non-decimal numeric value > = 0 and < Maximum Draft Tenor.

Maximum

Specify the maximum draft tenor for an LC product. The value that you enter must be non-decimal numeric value > 0 and > = Minimum Draft Tenor

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Note

If the LC Type of an LC product is selected as 'Sight':

- On save of LC product definition, system will validate that the value defined for minimum and maximum Draft Tenor fields in preferences sub-system is either 0 or null. If the validation fails, system will display a configurable override message.
- During LC contract creation, on save, system will validate that the value entered for Draft Tenor field in Drafts sub-system is either 0 or null. If the validation fails, system will display a configurable override message. The said validation is also performed on save of LC amendment using LC contract online function

If the LC Type of an LC product is selected as 'Usance':

- On save of LC product definition, system will validate that value defined for minimum Draft Tenor is either null or 0 or any positive non-decimal numeric value > 0 but < = maximum draft tenor and the value defined for maximum Draft Tenor is a positive non-decimal numeric value > 0 and >= minimum draft tenor. If the validation fails, system will display an error message.
- During LC contract creation, on save, system will validate that the values entered for draft tenor field in drafts sub-system is between minimum & maximum draft tenor values defined for the product. If the validation is not successful, system will display a configurable override message. The said validation is also performed on save of LC amendment using LC contract online function.
- In instances where multiple drafts are captured for an LC contract, system validates that the 'Draft Tenor' entered for each individual draft is within the minimum and maximum range defined for the product.
- If minimum and maximum Draft tenor value is not defined for a LC product then on save of a LC contract, system will not perform the validation stated in point (ii) as no range is defined at the product level.
- When only one of the values i.e. either 'Minimum Draft Tenor' or 'Maximum Draft Tenor' is defined for the LC product, then on save of both LC contract creation and

amendment, the value defined i.e. the 'Draft Tenor' of LC contract will be validated against the 'Minimum Draft Tenor' if 'Minimum Draft Tenor' is defined or will be validated against 'Maximum Draft Tenor' if 'Maximum Draft Tenor' is defined. If the validation fails, system will display a configurable override message.

4.2.1.10 The validations described are applicable only if drafts information is captured in the Drafts sub-system. If drafts are not applicable / captured for an LC contract, the said validations are not applicable. The validations stated above are applicable for both Import and Export LC products.**Generating Charge Claim Advice**

Claim Advice in Swift

Check this box to determine whether the charge claim advice should be generated in SWIFT.

4.2.1.11 Specifying Applicable Rules

You need to indicate the rules applicable for the guarantee.

Applicable Rule

Indicate the rule applicable by selecting the appropriate value from the list of values. The available values are as follows:

- ISPR: The guarantee is subject to International Standby Practices.
- URDG: The guarantee is subjected to the ICC Uniform rules of Demand Guarantees.
- OTHR: The guarantee is subjected to another set of rules
- NONE: The guarantee is not subjected to any rules

Note

The above values are applicable only for Guarantee type of products.The default value of Applicable Rule is set to NONE. This is applicable only for Guarantee type of products.

For Import and Export type of products, the following values are applicable:

- UCP LATEST VERSION
- EUCP LATEST VERSION
- UCPURR LATEST VERSION
- EUCPURR LATEST VERSION
- ISP LATEST VERSION
- OTHR: The guarantee is subjected to another set of rules

Note

- If the guarantee is subjected to rules other than that provided in the list of values, the applicable rule must be indicated as ‘OTHR’.
- The default value of Applicable Rule is set to UCP LATEST VERSION. This is applicable only for Import/Export type of products.
- Based on the product type, the list of values will display rules applicable for the product.
- ‘Applicable Rule’ and ‘Rule Narrative’ will be enabled only for import, export and guarantee product types.

Rule Narrative

This is enabled only if 'Applicable Rule' is set to 'OTHR'. It is mandatory to specify the rule narrative if the applicable rule is 'OTHR'. You need to describe the Applicable rule here. Oracle FLEXCUBE will validate the rule narrative for slashes.

Note

- 'Rule Narrative' should not start or end with '/' or should not have two consecutive slashes.
- The above fields will be enabled only for a guarantee.
- The Applicable Rule and Rule Narrative cannot be amended after authorization.

Applicable Rule For Reimbursement

Select applicable rule for which you need a reimbursement from the adjoining drop-down list. This list displays the following:

- URR Latest Version–Select if the applicable type is latest version of URR.
- NOTURR–Select if the applicable type is NOTURR.

LIFO/FIFO Rule

Specify the order in which the availment under this contract should be processed. You can choose one of the following options:

If multiple amendments are made to the LC contract amount, then the system applies the FIFO/LIFO rule when utilization is made against the LC contract.

- LIFO – LC amount will be utilized in 'First In First Out' order when availment is triggered against the multiple amended LC contract.
- FIFO – LC amount will be utilized in Last In First Out order when availment is triggered against the multiple amended LC contract.

The system will calculate the commission accordingly.

The system applies FIFO / LIFO rule when it finds that multiple amendment has been made to an LC contract against which utilization has been completed.

Confirmation Required

Check this option to indicate that confirmation message is required for all LCs under this product.

Partial Confirmation Allowed

Check this box to confirm the partial amount. The remaining amount can be confirmed after you receive the approval from the external agent.

Note

Partial confirmation is allowed only for export LC.

Allow Prepay

Check this option to indicate that prepayment should be allowed for commissions that are marked as 'Arrears'.

Loan

Specify the loan details here.

Note

This is allowed only for Shipping Guarantee product.

Collateral Funding by Loan

Check this box to indicate that the guarantee needs to be funded by a loan.

Loan Bridge GL

Specify the bridge GL used for accounting between loan product and shipping guarantee. The adjoining option list displays a list of all GLs. Choose the appropriate one.

Loan Product

Specify the loan product used for the creation of loan account. The adjoining option list displays a list of loan products. Choose the appropriate one.

Collateral Transfer Bridge

Specify the bridge GL used for collateral transfer from LC to shipping guarantee and shipping guarantee to Bill. The adjoining option list displays a list of all GLs. Choose the appropriate one.

Status

Specify the following status details:

Auto Status Control

Check this box to set automatic status control for the LC product. If you do not check this box, the system will not consider the LC contracts associated with this product for automatic status change.

The status of this checkbox is defaulted to the field ‘Auto Status Change’ of every LC contract associated with this product. However, you can modify this at the contract level.

4.2.1.12 Specifying Accrual Details

Specify the following accrual details.

Frequency

Specify the frequency of accrual for commission, charge or fees. The frequency can be one of the following:

- Daily
- Monthly
- Quarterly
- Half-yearly
- Yearly

In case of monthly, quarterly, half yearly or yearly accruals, you should specify the date on which the accruals have to be done during the month. For example, if you specify the date as ‘30’, accruals will be carried out on the 30th of the month, depending on the frequency.

If you fix the accrual date for the last working day of the month, you should specify the date as ‘31’ and indicate the frequency. If you indicate the frequency as monthly, the accruals will be done at the end of every month -- that is, on 31st for months with 31 days, on 30th for months with 30 days and on 28th or 29th, as the case may be, for February.

If you specify the frequency as quarterly and fix the accrual date as the last day of the month, then the accruals will be done on the last day of the month at the end of every quarter. It works in a similar fashion for half-yearly accrual frequency.

If you set the accrual frequency as quarterly, half yearly or yearly, you have to specify the month in which the first accrual has to begin, besides the date.

Month

If you choose one of the following options for accrual frequency, specify the month in which the first accrual has to begin:

- Quarterly
- Half-yearly
- Yearly

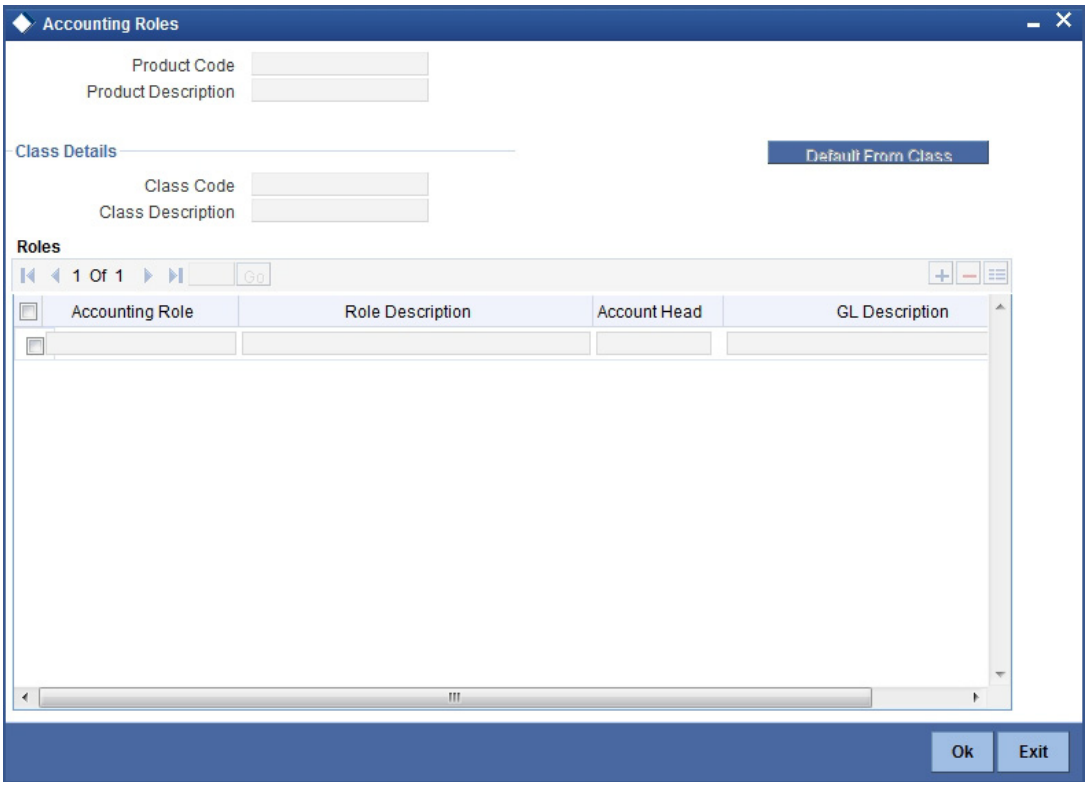
Day

If you choose one of the following options for accrual frequency, specify the date on which the accruals have to be done during the month:

- Monthly
- Quarterly
- Half-yearly
- Yearly

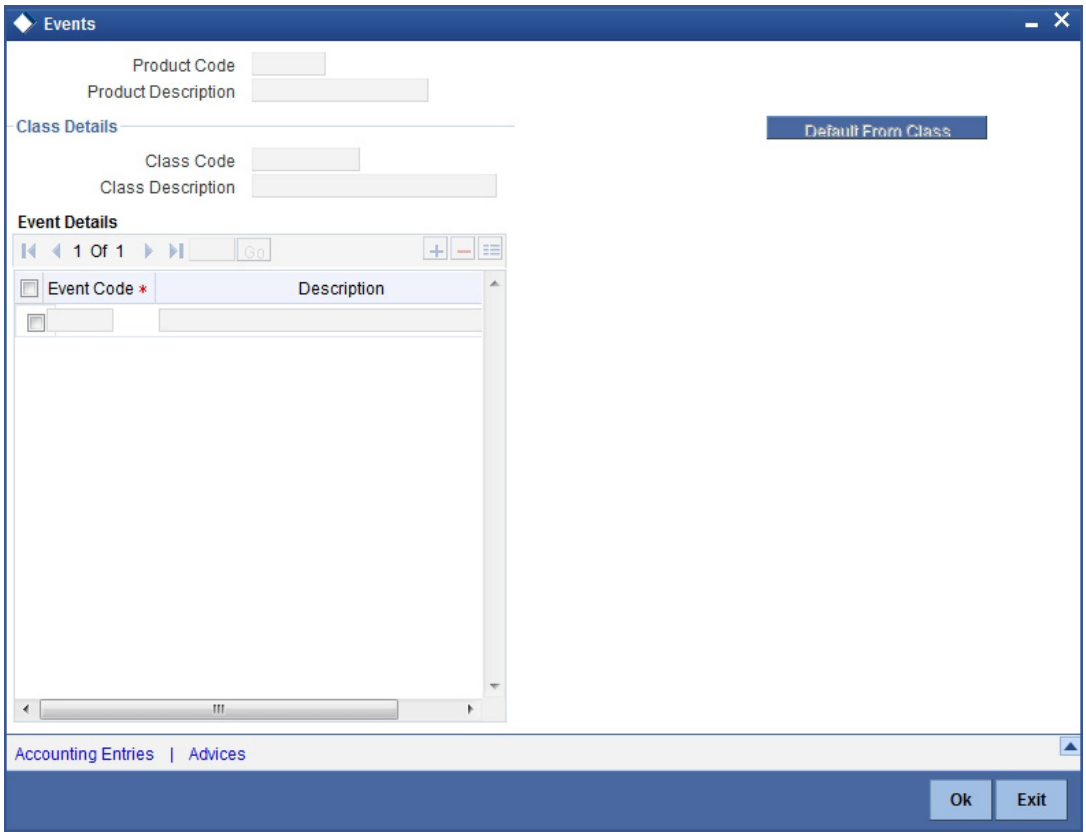
4.2.2 Specifying Accounting Roles

Click ‘Accounting Roles’ button to maintain accounting roles for the product.



4.2.3 Specifying Events

Click ‘Events’ button to maintain accounting roles for the product.



For further details on maintaining ‘Events’ refer to the ‘Product Definition’ User Manual under Modularity

4.2.3.1 Specifying Event for Reissue of Guarantee

You must associate the event REIS for an LC product for processing of reissue of guarantee. The system will display the REIS event during Events definition in the Product Maintenance.

Refer Products user manual for detailed explanation of ‘The Product Event Accounting Entries and Advices Maintenance screen’.

4.2.3.2 Generating advices for the Insurance Company

For generation of advice to insurance company for the LC product, you need to associate the message type ‘LC_INSURANCEADV’ for the events BISS and AMND respectively. During authorization of these two events, the system will process the messages for all import LCs.

Refer Product Definition User Manual for the procedure to define advices that are generated for each event.

All the messages are sent to the insurance company via mail. For this reason, you need to specify the insurance code (Receiver) and the mailing address of the Insurance Company in the LC Drafts screen.

Refer the Annexure chapter to view an advice sample generated for the insurance company.

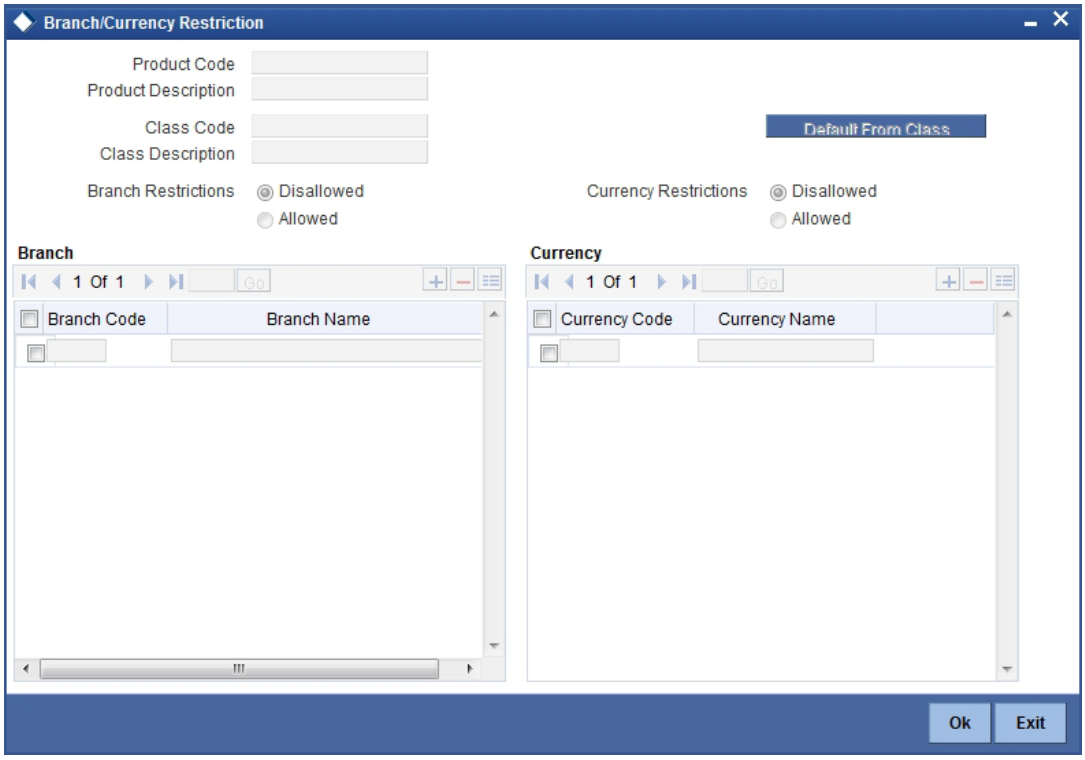
4.2.3.3 Generating Advices for Faxing LC Confirmation to Counterparty

For generation of advice to the counterparty at the time of confirming an LC, you need to associate the message type 'LC_INSTR_COPY' and 'LC_AM_INST_COPY' for the events BISS and AMND respectively. During authorization of these two events, the system will process the messages for confirmed LCs.

Refer the Annexure chapter to view an advice sample generated for faxing the confirmation to the counterparty.

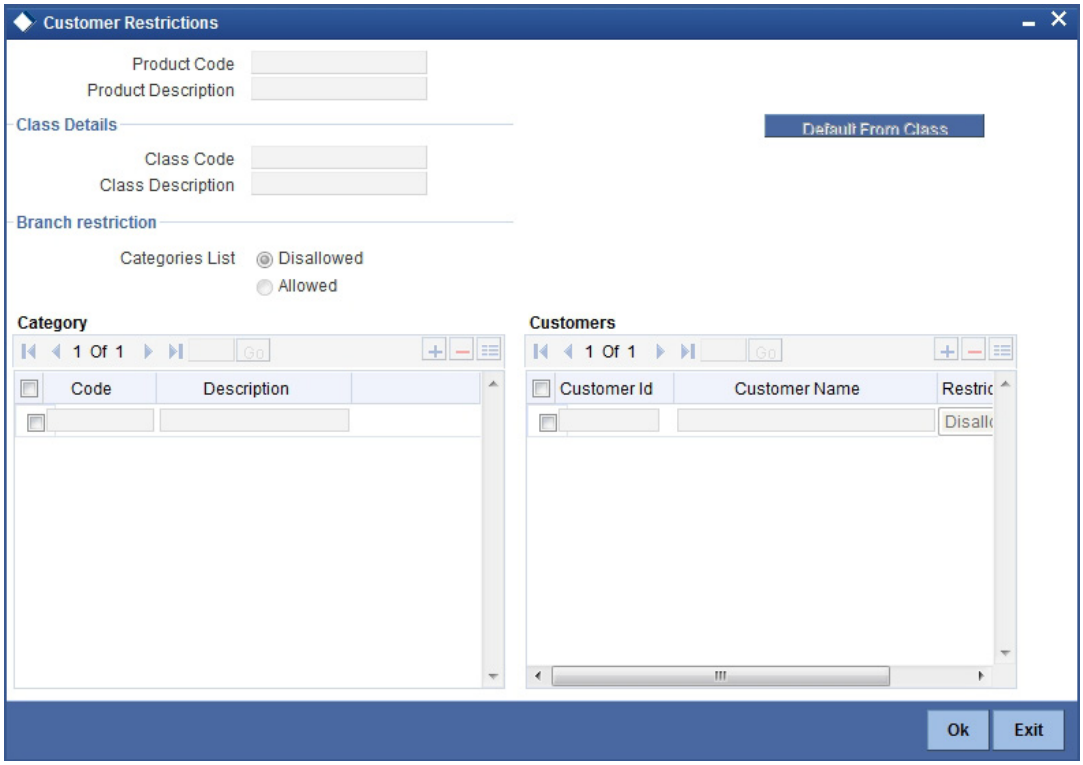
4.2.4 Specifying Branch and Currency

Click 'Branch & Currency' button to maintain branch and currency restrictions.



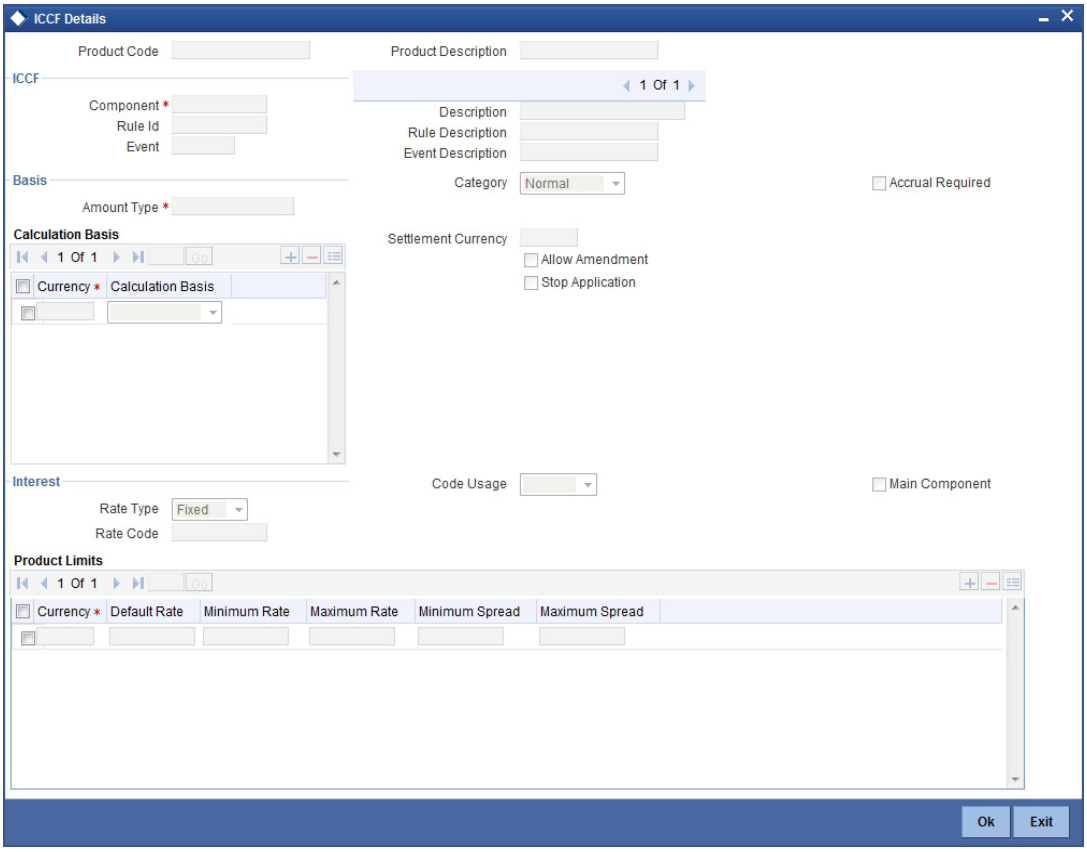
4.2.5 Specifying Customer Details

Click ‘Customer’ button to maintain customer restrictions.



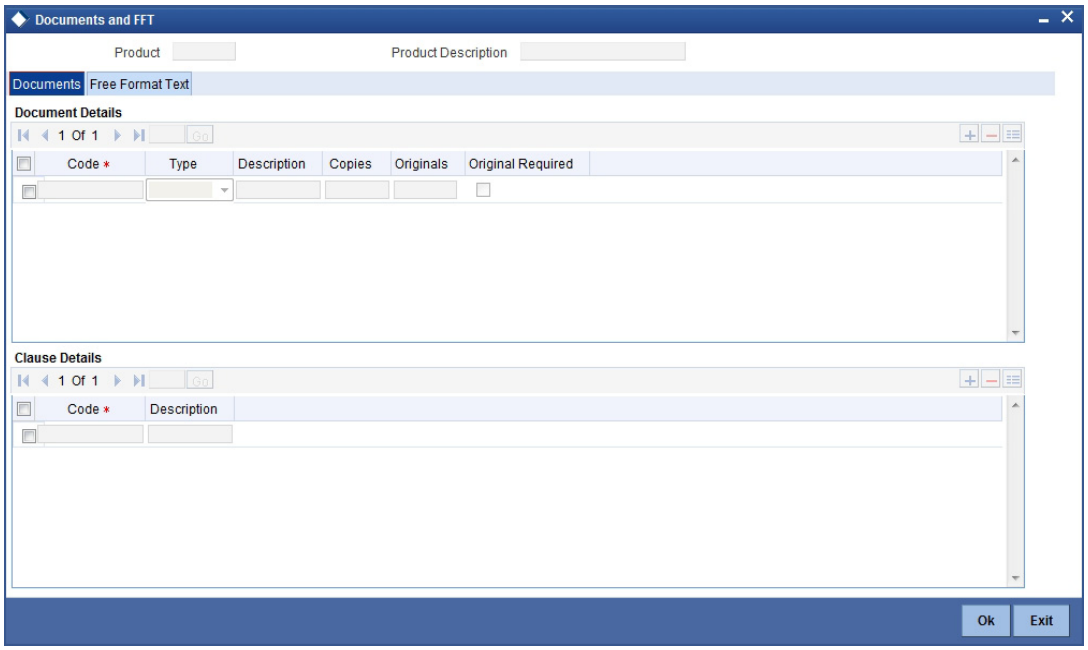
4.2.6 Specifying Commission Details

Click ‘Commission’ button to maintain commission details.



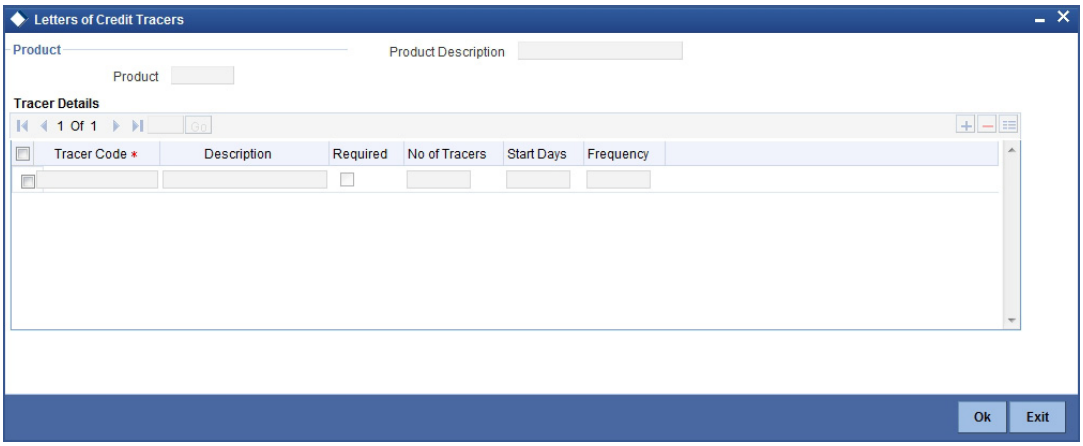
4.2.7 Specifying Free Format Text

Click ‘Free Format Text’ button to maintain free format messages.



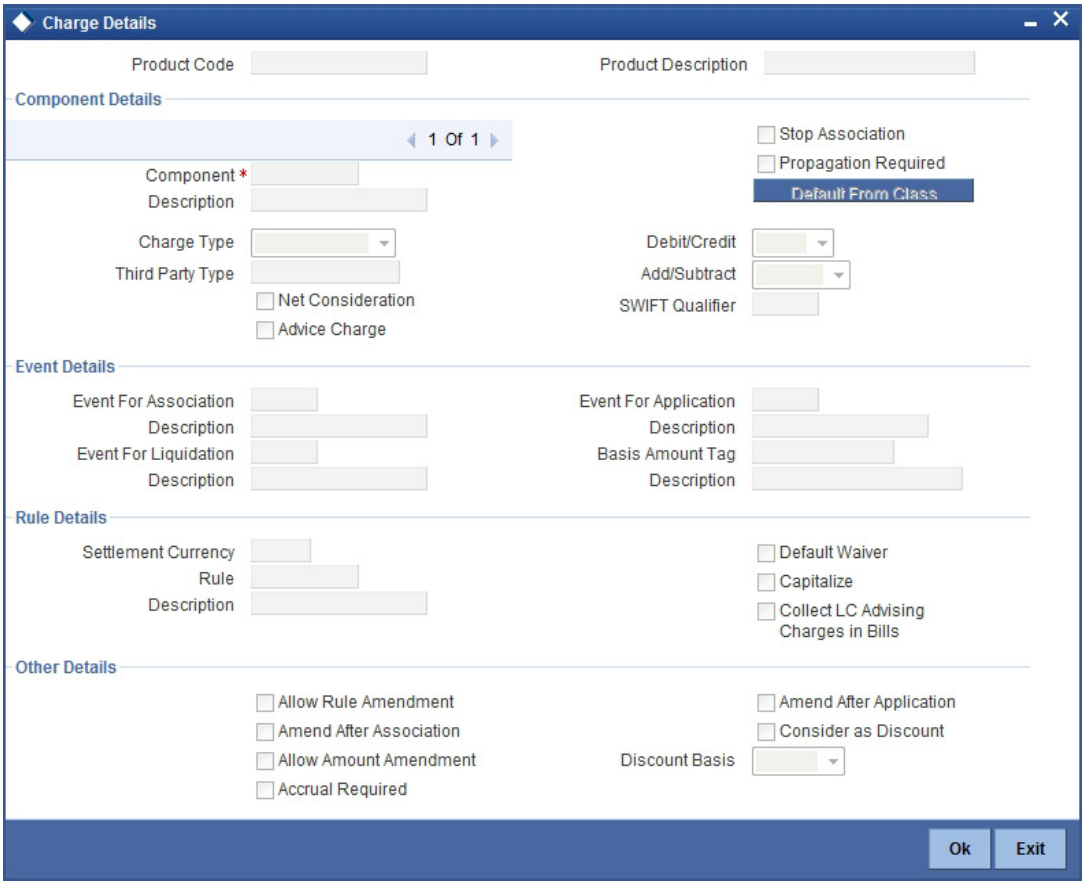
4.2.8 Specifying Tracer Details

Click ‘Tracer’ button to maintain tracer details.



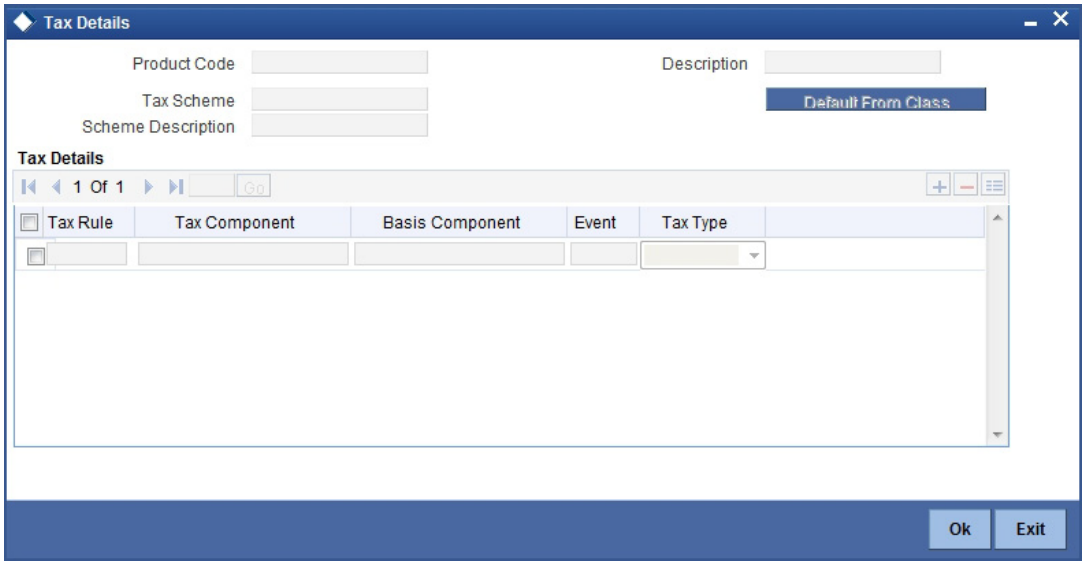
4.2.9 Specifying Charge Details

Click ‘Charge’ button to maintain charge details.



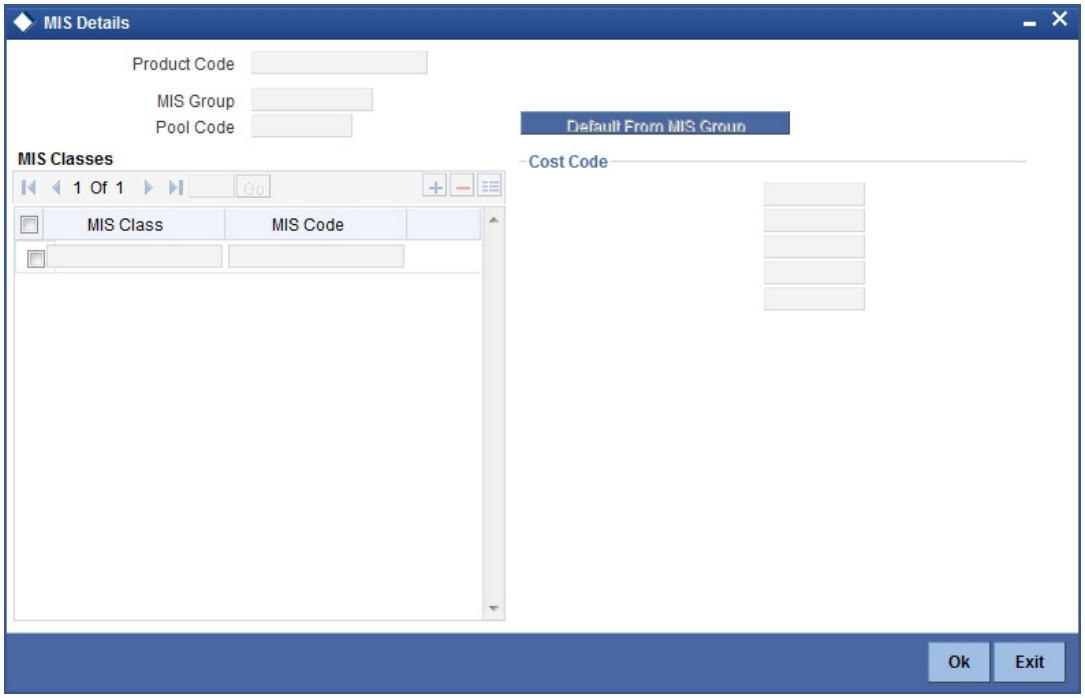
4.2.10 Specifying Tax Details

Click ‘Tax’ button to maintain tax details.



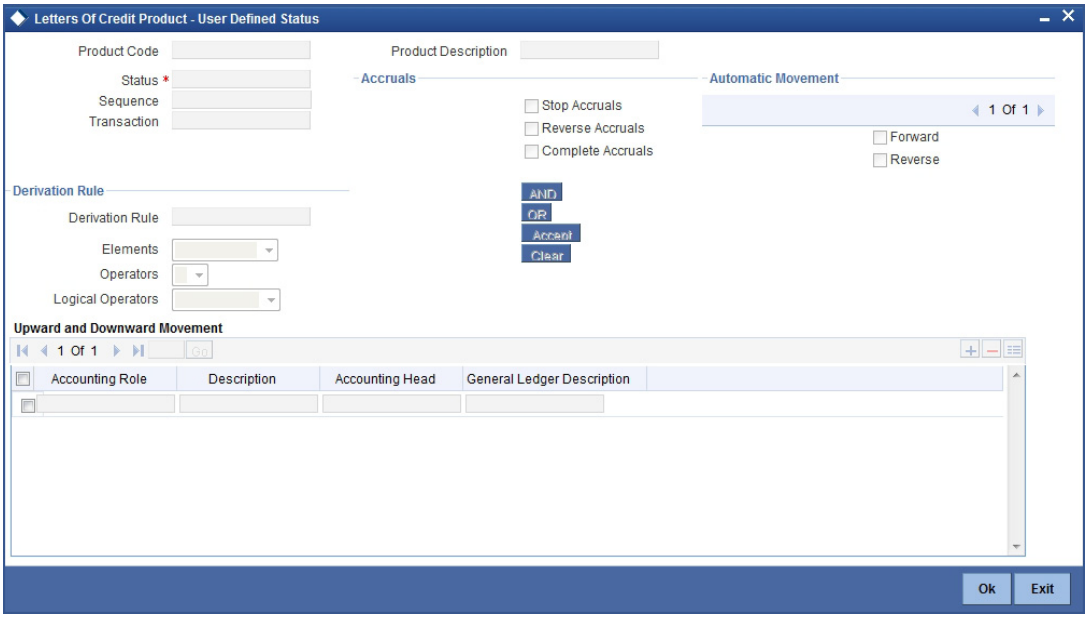
4.2.11 Specifying MIS Details

Click ‘MIS’ button to maintain MIS details.



4.2.12 Setting Criteria for Status Change

You can set specific criteria for status change of an LC product using 'Letters of Credit Product – User Defined Status' screen. To invoke the screen, click 'Status' button on 'Letters of Credit Product Definition' screen.



Specify the following details:

Product Code

The system displays the code that identifies the product being maintained.

Product Description

The system displays a brief description of the product.

Status

Specify the status. The LC contract will be moved to the status that you define here. If more than one status are defined for a product, you need to indicate the sequence in which a contract moves from one status to another.

Sequence

The system displays the sequence number if you have defined more than one status for the product.

Transaction

Specify the transaction code to be used for the GL transfer entries involved in the status change. The option list displays all valid transactions that are applicable. Choose the appropriate one.

A transaction code is associated with every accounting entry in Oracle FLEXCUBE. In case of status change, a component is transferred from one GL to another resulting in a new accounting entry. The system uses this transaction code to pass such entries.

Accruals

You can set certain preferences for accruals in the event of status change. These preferences are applicable to non periodic commission components that are collected in arrears. These are not applicable to components that are collected in advance.

Stop Accruals

Check this box to stop further accrual on components when the LC is moved to the status defined above. If you do not check this, the system will continue to accrue the components even after LC status change.

Reverse Accruals

Check this box to reverse the accrued outstanding amount when the LC is moved to the status defined above. If you do not check this box, the system will not reverse the accrued amount after LC status change.

Complete Accruals

Check this box to complete the accruals when the LC is moved to the status defined above. Further to completion of the accrual, the system proceeds with the status change. If you do not check this option, the system will not complete the accruals.

Automatic Movement

Here, you can indicate whether the status change has to be carried out automatically.

Forward

Check this option to automatically move forward the status of the LC. If you do not check this option, the system will not facilitate automatic forward movement of the LC status. This is applicable only if LC automatic status processing is enabled.

Reverse

Check this option to automatically move the status in reverse. If you do not check this option, the system will not facilitate automatic reverse movement of LC status. This is applicable only if LC automatic status processing is enabled.

Derivation Rule

You can use the following fields to define derivation rules:

Derivation Rule

If you have opted for automatic status change, specify the criteria (rules) based on which the system will perform the status change. An LC is said to be in a specific status if any one of the five conditions associated with the status holds true. If all the conditions are false, the LC will automatically move to the next available status for which the condition is true.

You can define five conditions for each status. The conjunctions ‘AND’ and ‘OR’ can be used to create multiple conditions. Use those buttons appropriately between each condition.

Elements

Select element based on which you need to build a condition for automatic status change of LC. For letters of credit, you need to select ‘Credit Rating’. The system resolves the value for this element as the credit rating for the main applicant of the LC in customer information maintenance.

Operators

Select the operator for building a condition for automatic status change. You can use multiple elements, in conjunction with the functions and arithmetic operators. The drop-down list displays the following operators:

- + (add)
- - (subtract)
- * (multiply)
- / (divide)

Choose the appropriate one.

Logical Operators

Select the logical operator for building a condition for automatic status change. The system uses the logical operators in combination with the elements for creating derivation rules. The drop-down list displays the following logical operators:

- > (greater than)
- >= (greater than or equal to)
- < (less than)
- <= (less than or equal to)
- = (equal to)
- < > (not equal to)

Choose the appropriate one.

The 'Customer Credit Rating' field at the Customer level will be used as a SDE CUSTOMER_CREDIT_RATING for defining status change rules. This will also be available for provision rule definition at the LC product level.

Upward and Downward Movement

Specify the following details:

Accounting Role

Specify the role to be used for provisioning accounting entries for the LC contracts in the selected status. The option list displays all accounting roles pertaining to commission components. Choose the appropriate one.

Description

The system displays a brief description of the selected accounting role.

Accounting Head

Specify the account head (GL) to which the provisioning accounting entries should be passed, for the LC contracts in the selected status. The option list displays real as well as contingent general ledgers. Choose the appropriate one.

Description

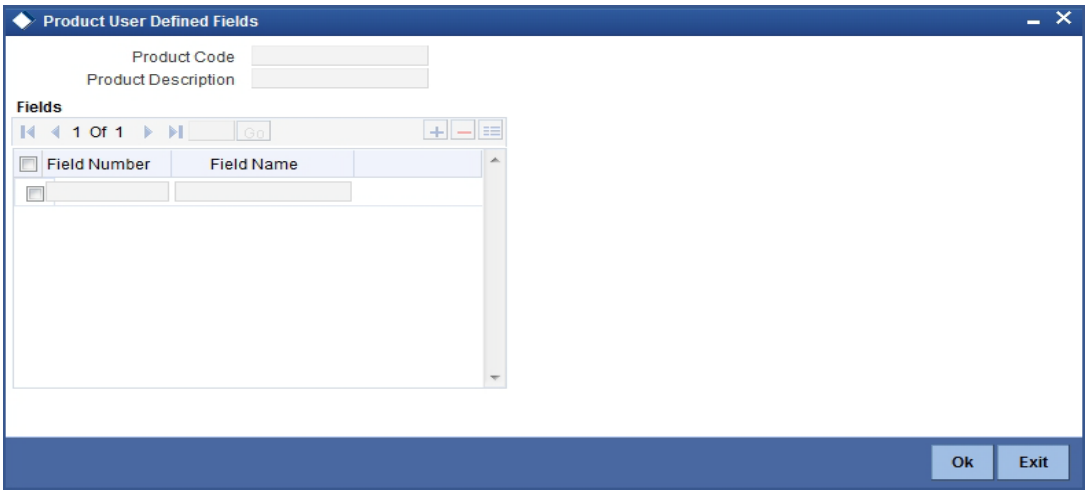
The system displays a brief description of the selected accounting head.

Note

In case of prepayment of commission for arrears, if the status of the contingent set of GLs changes, the system does not move the prepaid commission. Accrual continues to take place from the real GLs until the prepaid commission is exhausted. Contingent accrual takes place once the prepaid commission is exhausted.

4.2.13 Specifying UDF Details

Click ‘Fields’ button to maintain user defined fields.



For further information on the generic attributes that you can define for a product, please refer the following Oracle FLEXCUBE User Manuals:

- Products
- Interest
- Charges and Fees
- Commissions
- Tax
- User Defined Fields
- Settlements

5. Processing LC Contract

5.1 Introduction

An LC contract is an instruction wherein a customer requests the bank to issue, advise or confirm a letter of credit, for a trade transaction. An LC substitutes a bank's name and credit for that of the parties involved. The bank thus undertakes to pay the seller/beneficiary even if the remitter fails to pay.

For example, Ms. Keturah Smith (buyer or importer) in India and Mr. Silas Reed (seller or exporter) stationed in Paris agree to a sales contract. In this contract the buyer Keturah Smith, is required to arrange for her bank, Midas Bank, India (buyers bank) to open or issue an LC in favour of the seller, Mr. Reed.

Midas Bank sends the LC to Mr. Reed's bank, Berliner Bank, Paris (advising bank). The advising bank then sends details of the credit to the seller, who is the beneficiary of the credit. On receiving the credit details Mr. Reed, ships the merchandise traded under the LC to Ms. Smith. He then presents the draft and documents to the advising bank. The negotiating bank pays Mr. Reed. On making the payment, Berliner Bank will send the documents to Midas Bank (issuing bank) and will debit the issuing bank's account.

The issuing bank examines the document and charges Ms. Smith's account. It releases the documents to her allowing her to claim the merchandise.

The sequence of the events involved, in processing the LC can be considered an LC contract. The specific letters of credit thus processed for the customers of your bank constitutes a contract. An LC Contract would therefore require information on:

- Who is the buyer or importer
- Who is the seller or the exporter
- The operation that your branch is performing on the LC
- The merchandise traded under the LC
- Specifications for the transportation of the consignment
- The documents that should accompany the LC
- The amount for which the LC is drawn
- Details of the parties involved in the LC
- The type of LC you are processing
- The details of the insurance company under which the goods traded are covered

You have defined products to group together or categorize LC which share broad similarities. Under each Product that you have defined, you can enter specific LCs based on your customers' needs. Each of these will constitute a contract. While products provide a general framework and serve to classify or categorise LCs, contracts are customer specific.

By default an LC inherits the attributes of the product to which it is associated. This means that you will not have to define these general attributes each time you input an LC involving a product.

5.2 Capturing LC Contract Details

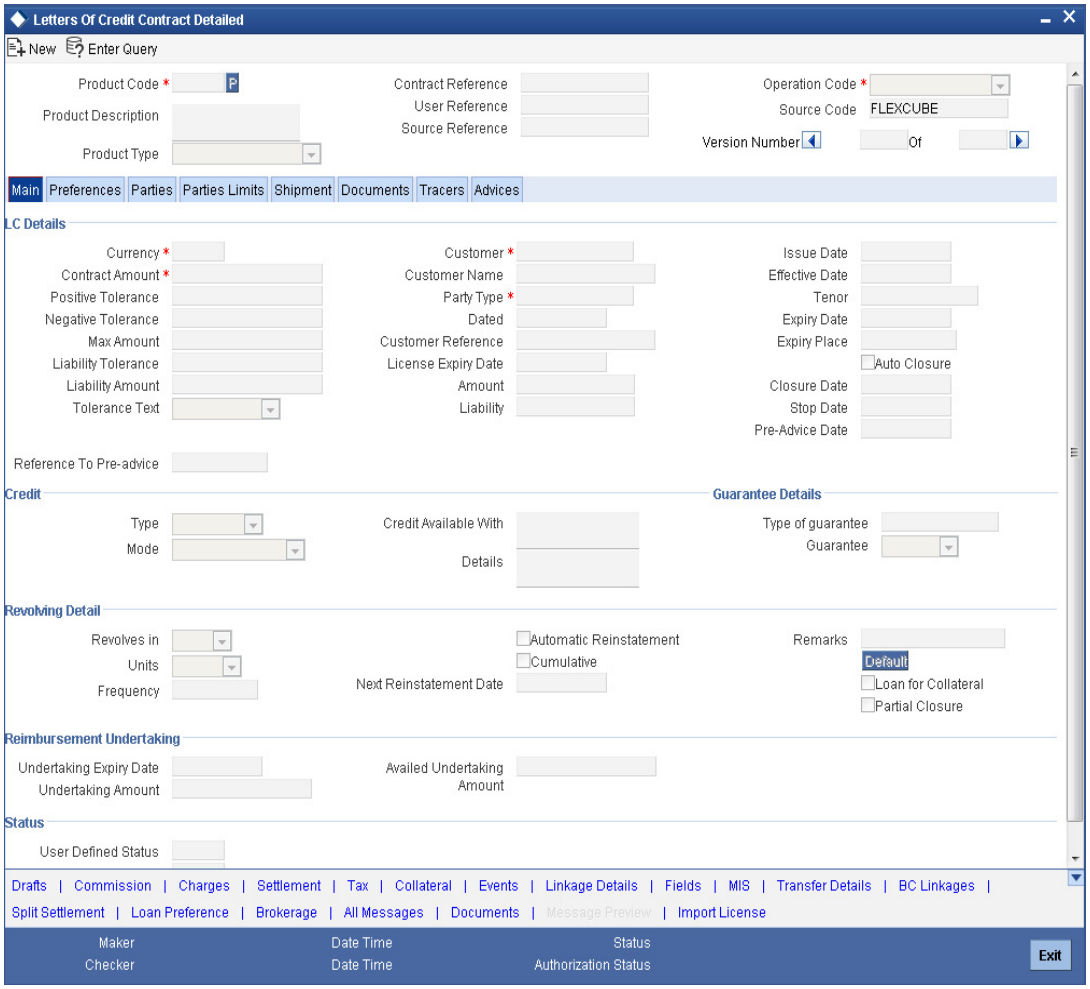
You can invoke the 'Letters of Credit Contract Input' screen by typing 'LCDTRONL' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. Click New icon. The LC contract screen with no values in the fields is displayed.

Click new icon in the toolbar.

For further information on User Maintenance screen, refer the ‘Defining a User Profile’ section in the ‘Security Management’ chapter in the ‘Security Management System’ User Manual.

If you are calling a contract that has already been created, click on the contract reference number in the Summary screen.

The details of the contracts that you have entered will be displayed in a tabular form. From the ‘Summary’ screen, you can open an existing contract by double clicking the contract.



The LC Contract Details screen consists of a header and footer that contains fields specific to the contract being entered. Besides these, you will also notice six tabs and a vertical array of buttons along the lines of which you can enter details of the contract. Contract details are grouped into the various screens according to the similarities they share.

The LC Contract Screen contains eigt tabs along the lines of which you can enter details of the contract. The eight tabs are:

Tabs	Description
Main	Click this tab to enter the essential terms of the LC. This screen along with its fields has been detailed under the head Entering Main Contract Details.

Preferences	Under this tab, you can set the preferences specific to the letter of credit contract
Parties	In the screen that corresponds to this tab, you can enter the details of all parties involved in the LC. This screen along with its fields has been detailed under the head Entering Party Details.
Parties Limit	Using this tab, you can track the limits for joint venture customers who are parties to the letter of credit contract
Shipments	In the screen that corresponds to this tab you can specify shipment details and description of goods traded under the LC and port information
Documents	In the screen that corresponds to this tab you can enter details of the documents required under an LC and the clauses that should accompany the documents
Tracers	Click on this tab to enter details of the tracers that should be generated for an LC.
Advices	In the screen corresponding to this tab you can view, suppress and prioritize the advices that are to be generated for a contract. This screen along with its fields has been detailed under the head Specifying Advises for an LC.

On the Contract Detailed screen are also displayed some buttons. They enable you to invoke a number of functions vital to the processing of an LC contract. These buttons have been briefly described below.

Buttons	**Description**
Drafts	Click this button to capture the details of draft drawn for the LC. You can specify the name of the insurance company that is covering the goods traded under the LC.
Commission	On invoking this button Commission details of the contract is displayed
Charges	This button invokes the Charges, Commissions and Fees (ICCF) service. On invoking this function you will be presented with a screen where the ICCF rate, amount, currency and the waive charge parameter can be specified. The Processing Charges and Fees manual, details the procedure for maintaining charge rules. It also deals with the linking of a charge rules to a product and the application of the rule on an LC. The Processing Commissions manual, details the procedure for maintaining commission rules. It also deals with the linking of a commission rule to a product and the application of the rule on an LC.
Settlement	Click this button to invoke the Settlement screens. Based on the details that you enter in the settlement screens the LC will be settled. The details of these screens have been discussed in the Settlements manual.

Tax	This button invokes the Tax services. The Processing Tax manual details the procedure for maintaining tax rules and schemes. It also deals with the linking of a tax scheme to a product and the application of the scheme on an LC.
Collateral	In the screen that corresponds to this button, you can specify details of the cash that you collect as collateral form a customer for the LC that you process. The details of this screen are discussed under the head Specifying Collateral details for an LC.
Events	Click this button to view the details of the events and accounting entries that a contract involves.
Linkages Details	Clicking this button invokes the Contract Linkages screen. In this screen, you can link an LC to a deposit or account, and indicate the funds that you would like to block.
Fields	Click this button to specify values for the user defined fields (UDFs).
MIS	Click this button to define MIS details for the LC.
Transfer Details	If the LC is transferred to a new party, you can view the transaction details.
BC Linkages	Click this button to specify BC linkages
Split Settle-ment	Click this button to specify split settlement details
Loan Prefer-ence	Click this button to specify loan preference details
OFAC Check	Click this button to call the OFAC service and view the response from the OFAC system.
Brokerage	Use this button to capture brokerage details for the LC contract and set your preferences for sharing the brokerage amount among multi-ple brokers.
Documents	Click this button to capture the customer related documents in central content management repository.
All Messages	Click this button to view all messages associated to contract.
Import License	Click this button to capture import license details,
Message Pre-view	Click this button to preview the messages/advices

Refer the chapter titled 'Capturing Additional Details' in this User Manual for further details about these buttons.

Enter valid inputs into all the mandatory fields or you will not be able to save the contract. After making the mandatory entries for the LC, save the contract by either clicking save icon in the toolbar. On saving the contract after entering all the required details in the system, the system validates the value of the contract amount against the following:

- Product transaction limit
- User Input limit

If the transaction currency and the limit currency are different, then the system converts the amount financed to limit currency and checks if the same is in excess of the product transaction limit and user input limit. If this holds true, the system indicates the same with below override/error messages:

- Number of levels required for authorizing the transaction
- Transaction amount is in excess of the input limit of the user

Note

You have the option to amend all the unauthorized entries made for an LC. However, after authorization, certain fields cannot be amended.

Click 'Exit' or 'Cancel' button to go back to the Application Browser.

5.2.1 Creating Contract

Through the screens that follow in this section, you can process all types of LCs (import, export, invoice, clean, guarantees, shipping guarantees). You can choose to enter the details of a contract using the following methods:

- Copying the details from an existing contract and changing only the details that are different for the LC you are entering.
- Using your keyboard or the option lists that are available at the various fields to enter the details of the LC afresh.

To facilitate quick input, you only need to input the product code. Based on the product code, many of the fields will be defaulted. Overwrite on these defaults to suit your requirement. You can add details that are specific to the LC like the LC amount, details of the buyer and the seller, etc.

5.2.2 Uploading LCs

Oracle FLEXCUBE allows you to automatically upload LCs.

The MT 700 and MT 701 messages that you receive can be uploaded into Oracle FLEXCUBE as LC contracts. Depending on whether confirmation is required, the uploaded LCs will be of type 'advice' or 'advice and confirm'.

When LC is uploaded from incoming MT700 then 'Partial Confirmation Allowed' will be checked at the product level and the operation of the contract is set to 'Confirm' or 'Advice and confirm'.

If the operation code is set to 'Confirm' and 'Advice and Confirm' for contracts uploaded from incoming MT700, then the system will default the Confirm Amount as LC Amount and confirm percent as 100

For contracts uploaded from incoming MT740, Undertaking Amount will be defaulted to LC Amount and undertaking expiry date will be null. Undertaking expiry date can be specified on amend of contract once the contract is created through incoming MT740.

If you modify the LC amount, the undertaken amount will not be impacted. However, the non-undertaken amount will be respectively modified based on the change in LC amount.

If the checkbox ‘Undertake Entire LC on STP’ is checked on ‘Letters of Credit branch Parameters Maintenance’ screen, the system will pass the following entries on receipt of MT740:

Dr/ Cr	Account Role Code	Amount Tag	Amount Tag Description
Dr	LC_OCU_OFFSET (Unutilized Credit Offset)	REIM_UND_AMT	Reimbursement Undertaking Amount
Cr	LC_OCU (Outstanding Credit Unutilized)	REIM_UND_AMT	Reimbursement Undertaking Amount

If the checkbox ‘Undertake Entire LC on STP’ is not checked, the system will pass the following entries on receipt of MT740:

Dr/ Cr	Account Role Code	Amount Tag	Amount Tag Description
Dr	LC_REM_NU_OFF	REIM_NON_UND_AMT	Reimbursement Non-undertaking Amount
Cr	LC_REM_NU	REIM_NON_UND_AMT	Reimbursement Non-undertaking Amount

Note

While liquidating a bill under an LC, the system verifies the liquidation amount and the undertaken amount. If the liquidation amount is greater than the undertaken amount, the system displays an override message. You may choose to proceed or cancel.

5.3 Specifying Contract Details

You can specify the following details:

Product

Select the product from the list of products created in the LC. Details of this product get defaulted from the Product screen.

Product Description

Product description given for this product gets defaulted from the Product screen.

Contract Reference Number

The Contract Reference Number identifies a contract uniquely. It is automatically generated by the system for each contract.

The Contract Reference Number is a combination of the branch code, the product code, the date on which the contract is booked (in Julian format) and a running serial number for the booking date. The Reference Number consists of a three-digit branch code, a four-character product code, a five-digit Julian Date and a four-digit serial number.

The Julian Date has the following format:

YYDDD Here, YY stands for the last two digits of the year and DDD for the number of day(s) that has/have elapsed, in the year.

Type

The type of product gets displayed here from the product screen, specifying if the product is of type import/export or revolving or non-revolving.

An arrangement, in which the continuing availability of the LC revolves upon shipment and/or presentation of documents and not upon specific amendment, is known as a Revolving LC.

Following are the product types:

- Import
- Export
- Guarantee
- Standby
- Shipping Guarantee

User Reference Number

In addition, a contract is also identified by a unique User Reference Number. By default, the Contract Reference Number generated by the system will be taken as the User Reference Number. But you have the option to change the User Ref Number. Oracle FLEXCUBE also provides you the facility to generate the user reference number in a specific format.

Note

You can specify a format for the generation of the User Reference Number in the 'Sequence Generation' screen available in the Application Browser.

Refer to the Core Services User Manual for details on maintaining a sequence format.

External Reference Number

This is a unique message identification number that will be used to identify an incoming message coming from an external system. This is defined as the ICN number. On upload of an incoming message into Oracle FLEXCUBE, this number, given by the external system, will be stored in Oracle FLEXCUBE and passed on to the contract generated as a result of the incoming message. If the incoming message results in an outgoing message, the ICN number will be linked to the outgoing message also.

This number will help you in creating a relationship between the incoming message, the resultant contract in Oracle FLEXCUBE, and the outgoing message, if any.

For instance, if an incoming MT103 results in an FT transaction, then ICN number of the incoming MT103 will be linked to the FT contract generated due to the upload of the incoming payment message.

If an Incoming message results in an outgoing contract (outgoing message), Oracle FLEXCUBE will store the External reference number (ICN Number) at the following levels.

- Incoming Message Level
- Contract Level (Resulted due to the Incoming message)
- Outgoing message (As a result of the above contract)

Operation Code

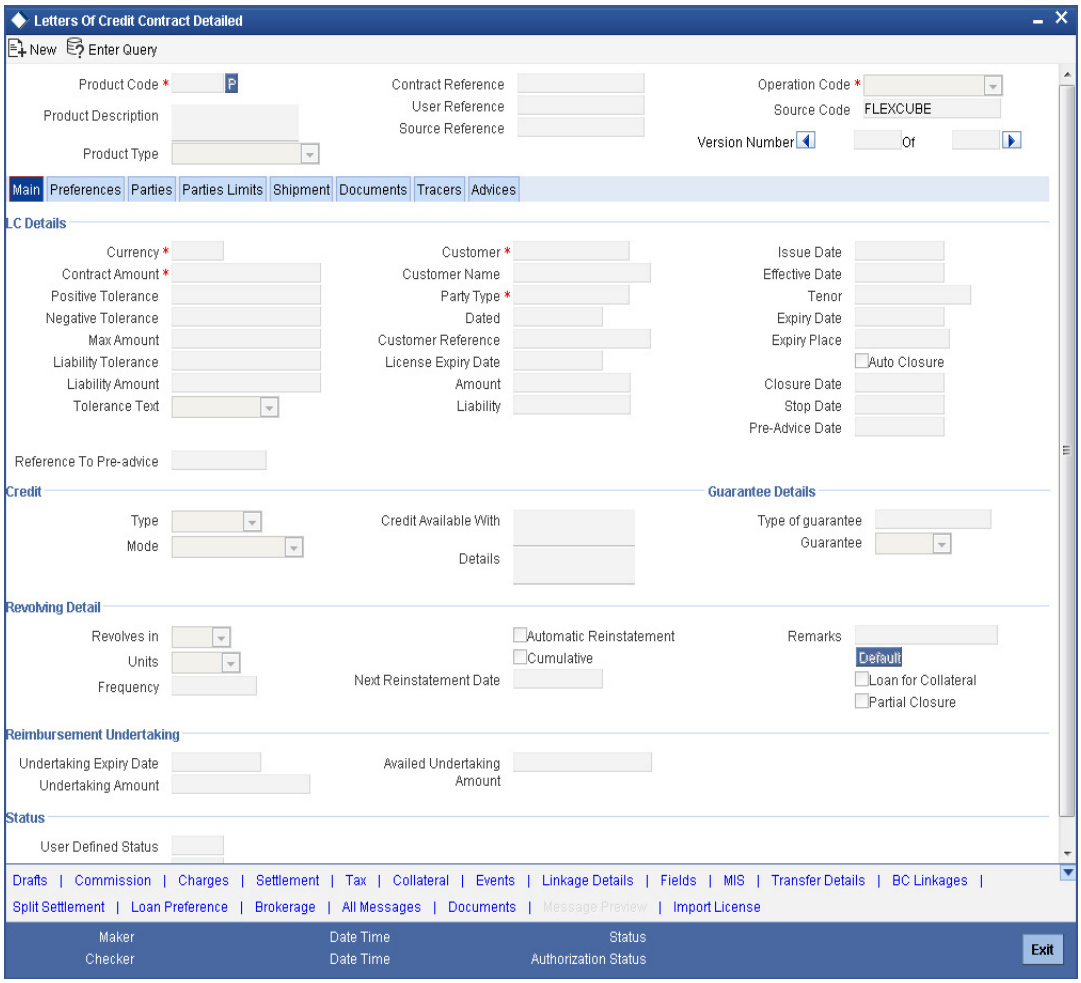
The operations that you can perform on an LC are determined by the type of LC being processed. The operation that you specify will determine the accounting entries that are passed and the messages that will be generated. You can select an operation from the option list available. The type of operation that you can perform on an LC has been listed below:

- Open an import LC or guarantee
- Open and confirm an import LC
- Pre-advice an export LC
- Advice an export LC
- Advice and confirm an export LC
- Confirm an export LC
- Advice a guarantee
- Import LC with pre-advice

5.3.1 Main Tab

While defining a product, you defined a broad outline that can be applied on LCs. However, while processing an LC involving a product, you need to enter information specific to the LC.

This information is captured through the LC Contract Details Main screen.



The following are the features of the contract details main screen.

5.3.1.1 LC Details

The terms defined for an LC, form the basis on which the LC will be processed.

Currency

The currency in which it is drawn

Language

The language to be used for the LC instrument

Contract Amount

Specify the amount for which the LC is drawn. If the contract is linked to an open insurance policy and the amount is greater than the available amount on the linked policy, the system will display an override/error message.

Similarly, if the amount is greater than the limit specified for every conveyance of the linked policy, the system will display an override.

Outstanding Amount

The balance amount available after the availment of an LC is displayed here.

Reference Number

The related LC Reference Number of the LC being processed, has to be referred along with another already opened on the same branch (for example, an import LC would be a related LC for a shipping guarantee).

Expiry Place

Specify the city, country, or the bank where the LC expires.

Applicable Rule

System defaults this value from the product level. However, you can modify it. The value displayed here is not picked up in the field 40F. Message type ‘MT740’ displays ‘URR LATEST VERSION’ irrespective of any value displayed in the option 'Applicable Rule'.

Issue Date

Enter the date on which the LC is issued.

Effective Date

In the LC Contract Details screen, you can capture the Effective Date of a guarantee. The effective date that you capture for a guarantee will be printed on the instrument.

By default, the system displays the Issue Date, in the Effective Date field. You can change the default value (for a guarantee) to a date in the past or future.

As stated earlier, the Effective Date along with the Tenor of the LC will be used to calculate the Expiry Date of the LC.

Note

Commission for a guarantee, will be calculated according to your specifications for the product that the guarantee involves. In the LC Product Definition screen, you can indicate if commission is to be calculated from:

- The Issue Date
- The Effective Date
- The earlier of the two

Tenor

All LC contracts will be associated with the standard tenor maintained for the product under which the contract is being processed.

The tenor of the LC will be used in combination with the Effective Date to arrive at the Expiry Date of the LC, as follows:

LC Expiry Date = Effective Date + Tenor

In case both the tenor and the expiry date are specified, the system will ignore the tenor that is manually entered and recalculate it based on the expiry date.

However, for a specific LC contract, you can choose to maintain a different tenor. The tenor of an LC can be expressed in one of the following units:

- Days (D)
- Months (M)
- Years (Y)

If you do not specify a unit, the system will automatically append ‘D’ with the numeric value (tenor) indicating that the tenor is expressed in Days.

When you change the tenor and move to the next field, the system automatically updates the expiry date based on the tenor specified.

Expiry Date

Specify the date on which the LC contract expires.

If you leave this field blank, the system will calculate the expiry date based on the tenor. Now, suppose that you have specified both the tenor and the expiry date. In that case, the system ignores the tenor and recalculates it based on the expiry date.

You can modify the expiry date. When you change the expiry date and move to the next field, the system automatically updates the tenor based on the expiry date specified. The closure date, which is dependent on the expiry date, will also be recalculated.

The system prompts override messages:

- If the LC expiry date is later than any linked collateral’s expiry date.
- If the LC expiry date extended as part of amendment is later than any limit line’s expiry date.

Note

The system will validate when a new limit line is attached during actions other than New.

Auto Closure

Check this option to indicate that the LC should be automatically closed.

Note

This field is not applicable for LC Module Contracts under LC Product with Product Type `G’ (Guarantee).

Closure Date

The date of closure is based on the ‘Closure Days’ maintained for the product involved in the LC. The number of days specified as the Closure Days is calculated from the expiry date of the LC, to arrive at the Closure Date.

LC Closure Date = LC Expiry Date + Closure Days

If the ‘Closure Days’ are not maintained at the Product level, then the Closure Date is calculated as follows:

LC Closure Date = LC Expiry Date + 30

However, you can change the closure date, thus calculated, to any date after the expiry date.

Note

If the closure date falls on a holiday, the system will prompt you with an override message.
Stop Date

This date will be defaulted to LC Expiry date. Stop date cannot be earlier than Issue date and later than expiry date.

Pre Advice Date

Specify date on which the pre-advice was initiated from the adjoining calendar. The current date is defaulted as pre-advice date, if the operation is Pre-advice LC; however you can change to an earlier date.

Note

Modifications are not allowed after first authorization.

Reference to Pre-advice

Specify reference to the pre-advice, if any, generated for the LC contract.

A pre-advice is a brief advice of documentary credit sent by the Issuing Bank to the Advising Bank. This is to be followed by the LC instrument that contains all the details of the LC. It notifies the recipient that the named buyer has opened an LC for a specified amount on a named seller (beneficiary).

Note

Modifications are not allowed after first authorization.

Rule Narrative

This is defaulted from the product level. The value displayed here can be amended at the contract level. However, once the contract is authorized, you cannot make any amendments. Oracle FLEXCUBE validates the rule narrative for any slashes.

Note

- The rule narrative should not start or end with '/'
- It should not have two consecutive slashes

This is enabled only if the Applicable Rule is 'OTHR'.

This value will be repeated twice in field 79 of an outgoing MT707 message if the free format text associated with the LC_AMND_INSTR advice exceeds 1750 characters in length.

5.3.1.2 Tolerance

Tolerance denotes the variance that has to be built around the LC amount, to arrive at the actual availability amount for the LC. The tolerance percentage is used to build the Maximum LC amount, when some component of the trade transaction like the freight, insurance, etc., is not covered in the LC amount.

Positive %

The positive tolerance is the percentage that should be added to the LC amount, to arrive at the Maximum LC Amount. This amount will be considered as the LC outstanding LC amount.

Negative %

The negative tolerance is the percentage that should be subtracted from the LC amount, to arrive at the Minimum LC Amount. The negative tolerance is captured for information purposes only. It will form part of the LC and amendment instruments.

The positive and negative tolerance specified for the product associated with the LC is defaulted. If you change the defaulted Positive Tolerance, an override message is displayed.

Maximum Amount

The Maximum LC Amount indicates the maximum amount that can be availed under the LC. This amount is arrived at, by adding the positive tolerance to the LC amount.000

Max. LC Amount = LC Amount + Positive Tolerance

If you have indicated the positive tolerance to be zero then:

Max. LC Amount = LC Amount

A customer cannot, at any point in time, avail more than the Maximum LC amount.

About Clause

This clause further qualifies the LC amount. Select one of the following options from the adjoining drop-down list:

- About
- Approximately
- Circa
- None

Liability Amount

Based on the value you specify in ‘Revolves In’ field, the LC Liability Amount will be computed and displayed.

Liability %

The liability percentage is used to track the maximum LC amount against a given percentage. A bank would like to limit its exposure to a new or existing customer as LC is a commitment given by the bank. Although the bank sanctions an LC limit (maximum LC amount which includes tolerance) to a customer it may like to specify a percentage over and above this limit .This will result in the customer being shown to be liable or tracked for a higher amount. Specifying a liability percentage is from the perspective of risk management and provides cushion to the bank.

The liability amount is arrived at in the following manner:

Liability Amount = Maximum LC Amount + Liability % of the LC amount

If you have indicated the liability percentage to be zero then,

Liability Amount = Maximum LC Amount

This amount is computed by the system using the method indicated above, only if you have specified a liability tolerance. If a Liability tolerance has not been specified, you can enter a

liability amount of your choice. However, the liability amount that you can enter should be at least equal to the maximum LC amount.

Under the following circumstances, system will display an error message:

- Latest shipment date of the import LC is greater than the latest shipment date of export LC.
- Expiry date of import LC is greater than expiry date of export LC.
- Import LC amount is greater than export LC amount.
- If you check the option ‘Back to Back LC’ for an export LC.

Note

The system will display an override message if you try to amend, cancel or close an export LC that is linked to an import LC. The above mentioned validations are also done while uploading an LC contract.

5.3.1.3 Customer

One of the parties in the LC should be a customer of your bank with a valid CIF ID. The details of this party are captured in the Contract Main Screen. It is then defaulted to the Parties screen.

Customer Name

If none of the parties in the LC is a customer of the bank, you should enter the CIF ID defined for the walk-in customer and give the details of one of the parties for it.

The party type of the counterparty of the LC is defaulted based on the type of LC you are processing. If you process an import LC ‘APP’ (indicating applicant) is defaulted. If you process an export LC ‘BEN’ (indicating beneficiary) is defaulted. You can change the default.

Customer

If the applicant is a customer of your bank, specify the CIF ID assigned to the customer, the related details of the customer will be automatically picked up.

If you are processing an Export LC, you should typically specify details of the beneficiary.

Party Type

Indicate the party type of the customer who is the counter party of the LC. You can select the valid party type from the adjoining option list.

The details of the other parties involved in the LC are captured in the Parties screen. The Customer Details specified in this screen will be defaulted to the Parties screen.

License Expiry Date

After you capture the CIF ID of the customer involved in the contract, the Import License Expiry Date maintained for the selected customer is defaulted to the screen. The system does not do any validations based on the Expiry Date. It is used only for information purpose.

Dated

Enter the date of the Their Reference. This would normally be the date on which you have a correspondence from the party regarding the LC.

Their Reference

This is the reference of the party whose CIF ID you have input. This will be picked up appropriately in the correspondence sent for the LC.

For an export LC, a reference for the Issuing Bank is mandatory. It is optional for other parties.

5.3.1.4 Revolving

You can capture the following details.

Revolves In

LCs can revolve in Time or in Value. Select the appropriate option from the adjoining drop-down list.

Automatic Reinstatement

The mode of reinstatement for a revolving LC can be either automatic or manual. Check against this field to indicate that the mode of reinstatement is automatic.

This field is applicable only for an LC revolving in time.

Cumulative

Check this box to indicate that the LC is cumulative. Leave it unchecked to indicate otherwise.

Frequency

For the letters of credit that revolve in time, you can specify the reinstatement frequency. This frequency represents the maximum number of reinstatements applicable to the LC. Based on the value you specify, the LC Liability Amount is computed and displayed. During LC reinstatement, the system calculates the next reinstatement date based on the units and the current reinstatement date.

If the number of reinstatements exceeds the frequency set here, the system displays an override message when you save the LC. You need to ratify this override at the time of contract authorization.

Note

Frequency is not applicable to the LCs that revolve in value. In such cases, once the LC is availed, the system reinstates it with the maximum contract amount during end of day operations. For this, the reinstatement option should be set to 'Automatic'.

Units

For LCs, which revolve in time, the maximum number of reinstatements is calculated based on the Reinstatement Frequency you specify. In the Units field, you can choose one of the following:

- Months
- Days

Next REIN Date

The system computes and displays the date of next reinstatement based on the value in ‘Units’ field.

Partial Closure

Check this box to perform partial closure of LC manually.

You can check this box during the following conditions:

- ‘Unlock’ Operation
- If the product is not of Revolving type
- On or before the Expiry date of the LC

On saving the amendment after checking this option, PCLS event takes place. The Limits, Outstanding Liability and the Cash Collateral are released to the extent of unutilized amount.

Once PCLS event is fired for an LC contract, system does not allow any operation on the LC other than LC Closure (CLOS). You can reopen the closed LC as existing. While reopening the LCs for which PCLS is fired earlier, the Limits are tracked, OS Liability and Cash collateral is increased to the extent of the amount released as part of PCLS.

After PCLS event takes place on the LC contract, if the Bill contract to which the LC is linked is reversed, the Limits, OS Liability and the Cash Collateral is not released automatically. You have to manually close the LC. The linkages to the LC are not released automatically as part of PCLS firing during batch. You have to manually release as part of manual partial closure. The above processes are skipped for the LC contracts under the product for which the 'Revolving' option is indicated as 'Yes'.

The system allows manual partial closure during the partial closure days, until the LC is closed.

In case of a partially confirmed export LC contract, the system excludes the bill amount in the initial stage from the confirmed and unconfirmed portions.

Guarantee

If the LC that you are processing is a guarantee you should specify its type. Click the adjoining drop-down list and select one of the following values:

- Bid
- Performance
- Retention

Current Availability

This field displays the current amount that is available for availment under the LC. This value is automatically updated when there are availments, amendments or reinstatements so that it reflects the current amount that is available under the LC.

Outstanding Liability

This field displays the current outstanding liability amount under the LC. This value is automatically updated when there are availments, amendments or reinstatements so that it reflects the current amount under the LC.

Memo

Enter information about the LC that is intended for the internal reference of your bank. This information will not be printed on any correspondence regarding the LC. However, the remarks are displayed when the details of the LC are displayed or printed.

5.3.1.5 Reimbursement Undertaking

You can capture the following details.

Undertaking Expiry Date

Specify the undertaking expiry date.

You can claim the reimbursement only till the undertaking expiry date, else, the system will display the following error message "The undertaking has been expired".

Undertaking Amount

Specify the amount that can be reimbursed. It can be less than or equal to contract amount.

The system will default the Undertaking Amount value with the Max LC Amount initially when it is created through the incoming MT740. However you can amend this field by adding the undertaking amount.

Availed Undertaking Amount

The system displays the availed portion of undertaken amount.

Note

- Undertaking Expiry Date and Undertaking Amount fields can be entered for reimbursement contracts only.
- Undertaking Expiry date can be entered only when Undertaking Amount has been specified.
- Undertaking Expiry date cannot be earlier than the issue date or later than the LC Expiry date.
- In case when LC Expiry date is not input then Undertaking Expiry date cannot be greater than the LC closure date.

Status

Specify the following details:

User Defined Status

Specify the status of the LC contract. The option list displays all valid statuses that are applicable. Choose the appropriate one.

At the branch level, if you have enabled group level status change for the LC, the system displays the status of the group with which the LC is associated. However, you can unlock and modify the statuses of individual contracts. Thus, you can use this field for changing the status of an LC contract manually.

Derived Status

The system displays the derived status of the LC contract. You cannot modify this.

5.3.1.6 Credit

Here you can capture the following details.

Type

Indicate the type of credit for which the LC is being processed.

Mode

Indicate the mode of payment through which the LC will be settled.

If you indicate the LC type as sight in the LC Product Definition screen, then you can select the credit mode as:

- Sight Payment
- Negotiation.

If you indicate the LC type as Usance in the LC Product Definition screen, then you can choose the credit mode as:

- Acceptance
- Deferred Payment
- Mixed Payment

- Negotiation

These validations are applicable only if drafts information is maintained in the Drafts sub-system. These validations are applicable for both Import and Export LC products.

Details

Specify the details of the credit.

With

Specify details of the party with whom the credit will be available.

5.3.1.7 Reinstatement of Available Amount

The reinstatement of the amount available may be effected in one of two ways:

- Where reinstatement is dependent upon time - In these circumstances a specific amount is allowed to be drawn within each specific period as stipulated in the LC during its validity. For example, the credit may indicate that:
  - US$ 25,000 may be drawn each month during the six-month validity of the LC
  - The reinstatement of the amount may be either cumulative or non-cumulative.

    Cumulative Reinstatement - Where the credit indicates that the reinstatement is on a cumulative basis, in the above example the sixth installment may be the cumulative for 6 months, i.e., US$ 150,000

    Non-Cumulative Reinstatement - In the above example, if the credit indicates that the reinstatement is on a non-cumulative basis, it means that if one month's shipment of US$25,000 is not made (either completely or partially), it cannot be carried forward to the succeeding month. If, for example, no shipments have been effected for five months, the drawing for the sixth month is restricted to US$25,000
- Where reinstatement is dependent upon value - Sometimes Revolving Credits may indicate that the amount is to be reinstated upon utilization within the overall validity of the credit. For example: 'This LC shall revolve for US$ 25,000 during its validity up to a maximum overall drawing value of US$ 25,000'.

Reinstatement can be done as Auto or Manual. If Auto reinstatement and revolves in time options are selected, then the system calculates maximum liability amount as per the frequency maintained and pass entries for the same.

If Auto reinstatement, revolves in time and Non cumulative options are selected, then the system calculates initially the maximum liability amount during booking of contract and reverse the unutilized value of the particular period at the end of respective period.

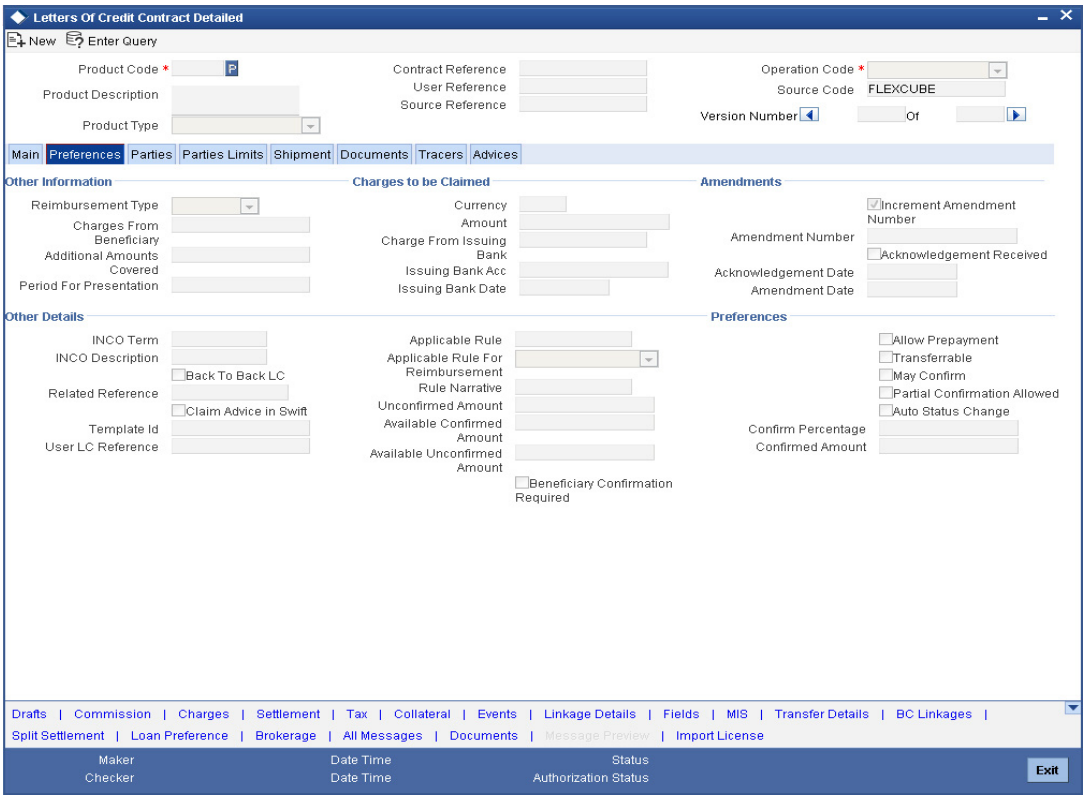
System calculates and displays the frequency of reinstatement as per the values maintained in Revolves and Units options. System calculates and display next reinstatement date as per the frequency maintained when reinstatement is maintained as auto and frequency as time.

If auto Reinstatement and Frequency options are selected, then the system reinstates during EOD after every availment is made. If you select manual Reinstatement and Frequency, then the user can reinstates the value of contract anytime after availment is made.

If reinstatement is dependent on value, then cumulative reinstatement is not supported by the system.

5.3.2 Preferences Tab

You can specify certain details for SWIFT messages specific to LC and set your preferences using ‘Preferences’ tab. Click the tab button ‘Preferences’ on the screen.



The details that you specify in the fields of this screen are picked up for SWIFT messages.

The SWIFT message that utilizes the information that you specify in this screen and the corresponding field of the SWIFT message which carries the input, has been listed below:

Field in Oracle FLEXCUBE	SWIFT Message	Field of the SWIFT message
Charges From Beneficiary	MT700	Field 71B
Additional Amounts Covered	MT 700 & MT 740	Field 39C
Period For Presentation	MT 700	Field 48
Charges From Issuing Bank	MT 730	Field 71B
Account For Issuing Bank	MT 730	Field 57A
Date	MT 730	Field 32D
Issuing Bank Amendment Date	MT707	Field 30
Acknowledgement Received and Date	MT768	Field 30
Template ID	MT799	Field 79

5.3.2.1 Credit Line

Here you can capture the following details.

Limits Tracking Required

Specify whether the credit granted under the LC you are processing should be tracked against the credit limit assigned to the customer under a Credit Line.

Check this box to indicate that limit tracking is required for the LC. If left unchecked, the system will display an override message 'Limit tracking not done for the contract' while saving the record. In the subsequent fields of this screen, you can specify details of the line under which the credit is to be tracked.

Party Type

Specify the type of party involved in the LC you are processing, whose details you would subsequently enter. The parties involved in the LC can be specified in any sequence. However, a party code can be used only once in each LC.

Line

Specify the credit line under which you want to track the LC amount.

Customer

The system displays the customer for whom the LC is booked.

Limit Tracking Tenor

Specify the basis on which limits need to be tracked. Choose one of the following options:

- Letter Of Credit Tenor
- Max Draft Tenor

5.3.2.2 Other Information

Capture the following details.

Reimbursement Type

Specify the type of reimbursement. Choose the appropriate one from the dropdown list.

Charges From Beneficiary

Specify the charge amount borne by the beneficiary.

Additional Amounts Covered

Specify the additional amount covered.

Charges from

Indicate who bears the charges - claimant or your customer.

The Period for Presentation

The period of presentation defined for the product - or calculated for the LC, as the case may be - will be displayed in the 'Period For Presentation' field. You can change the default to suit the LC you are processing.

The system uses the Expiry Date and the Last Shipment Date specified for the LC you are processing, and arrives at the period of presentation.

If the sum of the latest shipment date and period for presentation is greater that the expiry date of an import LC, the system will display an override message. This is true only in cases where the 'Latest Shipment Date' field is not blank.

For details, refer the heading 'Specifying the Period of Presentation' in chapter 'Creating Products', in the LC User Manual.

5.3.2.3 Charges to be Claimed

Specify the following details.

Currency

Specify the currency of the charge.

Amount

Specify the charge amount.

Charge From Issuing Bank

Give a brief description of the charge.

Issuing Bank Acc

Specify the account from which charge should be collected.

Issuing Bank Date

Specify the date of charge collection.

5.3.2.4 Amendments

Specify the following details.

Amendment Number

The system displays the amendment number.

Increment Amendment Number

Check this box to indicate that the amendment number should be incremented with every amendment.

Issuing Bank Amendment Date

The date of amendment is displayed here.

5.3.2.5 Acknowledgement

Specify the following details.

Acknowledgement Received

Check this box to indicate that acknowledgement has been received.

Acknowledgement Date

Specify the date on which the acknowledgement is received.

5.3.2.6 Other Details

Specify the following details:

INCO Term

Specify the INCO term related to goods that are a part of the LC instrument. You can select one of the following values from the adjoining option list:

- EXW - EX Works (…named place)
- FCA - Free Carrier (…named place)
- FAS - Free Alongside Ship (…named port of shipment)
- FOB - Free On-Board (…named port of shipment)

- CFR - Cost and Freight (…named port of destination)
- CIF - Cost Insurance Freight (…named port of destination)
- CPT - Carriage Paid to (…named place of destination)
- CIP - Cost Insurance Paid (…named place of destination)
- DAF - Delivered at Frontier (…named place)
- DES - Deliver Ex Ship (…named port of destination)
- DEQ - Delivered Ex Quay (…named port of destination)
- DDU - Delivered Duty Unpaid (…named place of destination)
- DDP - Delivered Duty Paid (…named place)
- DAT - Delivered at Terminal (...named place of destination)
- DAP - Delivered at Place (...named place of destination)

Once you choose the INCO Term, the documents and clause details will be displayed based on the maintenance for the chosen INCO term in the 'INCO Terms Maintenance' screen. However, if you change the INCO term, the document and clause details will be not be updated automatically. You will have to manually change them if required. However, the system will check whether the document and clauses details are the same as those defined in the 'INCO Term Maintenance' screen.

The INCO term is picked up and displayed in field 45A of MT700.

Back to Back LC

Check this option if you want to link an export LC to an import LC. This field is applicable only for import LCs.

If you check this option, you will have to specify the export LC which you want to link to the import LC in the 'Reference Number' field. All active and authorized export LCs of the same counterparty will be available for selection in the option list adjoining 'Reference Number'. An export LC can be linked to only one import LC.

Note

Import LC Maximum amount is greater than Export LC Maximum amount.

Related Reference Number

Specify the related reference number. Choose the appropriate one from the option list.

While issuing a guarantee, the option list displays all valid bill of lading reference numbers and import LCs. Similarly, while issuing a back to back LC, the option list displays all valid export LCs maintained in the system. You can choose the appropriate one.

Claim Advice in Swift

Check this box to generate the charge claim advice in MT799 SWIFT format.

This field is initially defaulted from product level. However, you can then check or uncheck it at the contract level.

Template ID

Specify the template ID related to MT799 message types from the option list.

Note

You can enter the values only if the 'Claim Advice in Swift' field is checked.

User LC Reference Number

System displays the Contract User Reference as the User LC Reference Number. The reimbursement LC, under which the bill is availed, and the Export LC linked to the bill, should contain the same ‘User LC Reference Number’.

Application Rule

The system defaults the application rule from the product level. However, you can modify this.

Please refer to the section ‘Specifying the Applicable Rules’ under chapter ‘Defining Product Attributes’ in this user manual.

Rule Narrative

This is enabled only if ‘Applicable Rule’ is set to ‘OTHR’. The system defaults the rule narrative from the product level. However, you can modify this.

Please refer to the section ‘Specifying the Applicable Rules’ under chapter ‘Defining Product Attributes’ in this user manual.

Confirm Percentage

The system displays the percentage of confirmed amount.

Confirmed Amount

The system displays the current confirmed amount.

Unconfirmed Amount

The system displays the current maximum unconfirmed LC amount. This amount is derived by deducting the confirmed amount from the maximum LC amount.

Available Confirmed Amount

The system displays the available confirmed portion of the maximum LC amount.

Available Unconfirmed Amount

The system displays the available unconfirmed portion of the maximum LC amount.

Beneficiary Confirmation Required

The system checks this box by default for Letters of Credit. This box is unchecked for ‘Guarantees’. You can operationally control the beneficiary confirmation process for an LC, but you cannot modify it after the first authorization.

- When Beneficiary Confirmation Required is NOT SET

If Beneficiary Confirmation Required is selected then any financial amendment of the LC or Guarantee is done using LC Amendment Confirmation screen and non-financial amendment is done using LC Contract online screen. The system restricts the financial amendment of the LCs and Guarantees using LC Amendment Confirmation screen.

You can amend the financial fields in LC Contract Online screen. The Issue date in LC Contract Online screen is disabled. On saving the contract, the system triggers the AMND event and generates the messages MT707, MT747, and MT767 for the amendments. Authorization of these amendments is done through LC Contract online screen.

- When Beneficiary Confirmation Required is SET

If Beneficiary Confirmation Requires is not selected at the contract level, then any financial and non-financial amendment is done using the LC Contract online screen. Financial amendments of LCs and Guarantees for which Beneficiary Confirmation Required is set is done using LC Amendment Confirmation screen. On saving the contract amendments, the system triggers the AMNV event and generates Message MT707 for the amendments. You can view the message using the Message Preview screen.

The Issue date in LC Amendment Confirmation screen is disabled.

5.3.2.7 Preferences

You can set the following preferences:

Allow Prepayment

Check this option to indicate that the customer can make a prepayment on the contract.

Transferable

Check this option to indicate that the LC is transferable.

May Confirm

Check this option to indicate that the LC can have an associated confirmation message. You can also specify the type of the confirmation instruction that should be sent to the advising/ confirming bank if you are issuing the LC (whether Field 49 of MT 700 should be 'Without', 'Confirm', or 'May add').

Partial Confirmation Allowed

Check this box to confirm the partial amount. The remaining amount can be confirmed after you receive the approval from the external agent.

Note

This field is initially defaulted from product level. However, you can then check or uncheck it at the contract level.

Auto Status Change

The system defaults the status of the checkbox based on the product maintenance. However, you can modify this. If you check this box, the system picks up the contract during EOD operations for status processing. If you do not check this, the system will not consider the LC contract for automatic status processing.

Confirm Percentage

Specify the percentage of LC Amount to be confirmed. If percentage is not specified, the system will calculate the percentage based on the confirm Amount specified.

Confirmed Amount

Specify the amount to be confirmed. If Confirm Amount is not specified, the system will calculate the confirmed amount based on the Confirm Percentage specified.

Available Confirmed Amount

The system displays the available confirmed amount.

If both Confirm Amount and Confirm Percent are specified then the system will display an override message as "Both Confirm Amount and Confirm Percent are entered. Confirm Percent is considered for calculation."

The system will calculate and display the 'Confirm Amount' based on the confirm percentage specified. Confirm Percentage and Confirm Amount can be changed or recalculated either on save or on pressing 'LC Default Button' available in Main tab of 'LC Online' screen.

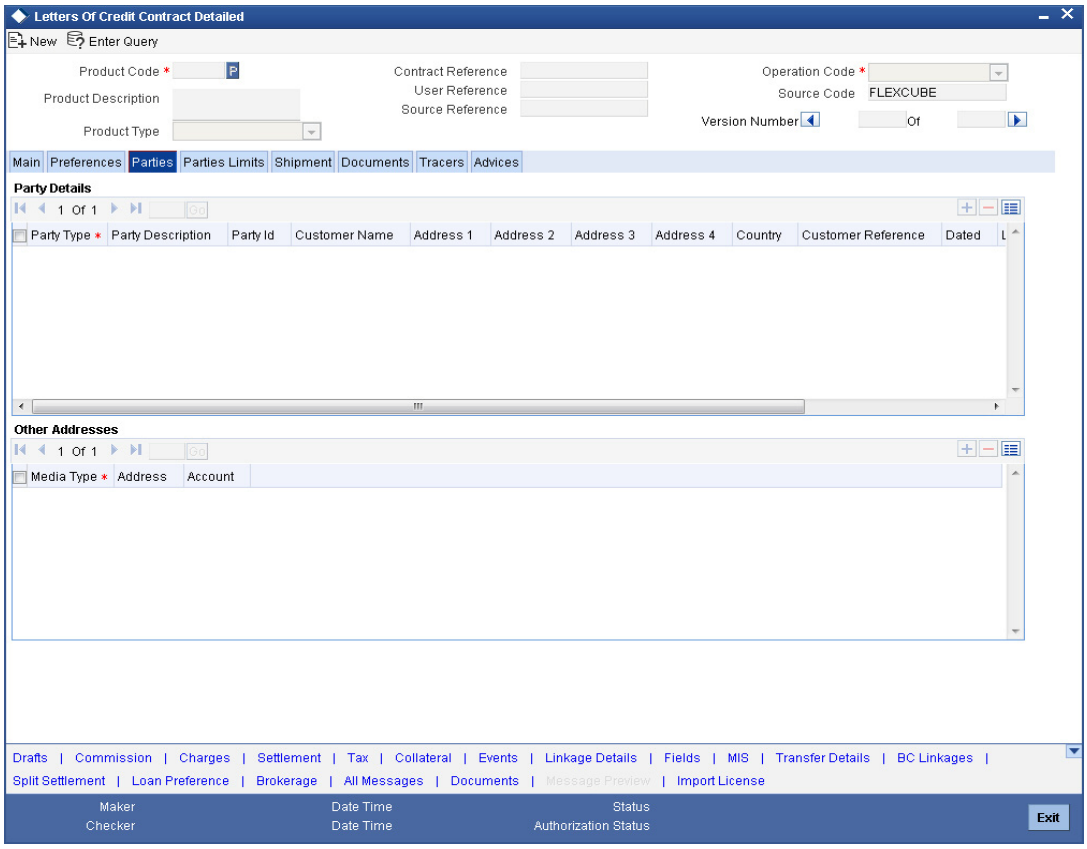
The system will display an error message for the following conditions:

- If 'Partial Confirmation Allowed' box is unchecked and if you specify the values in 'Confirmation Percentage' and 'Confirmation Amount' fields
- If the value of the amount confirmed is greater than the unconfirmed unavailed amount.

- If the value of the confirm amount is lower than the availed confirmed amount.
- If Operation is confirm or advice and confirm and confirm percent is greater than 100 or confirm Amount is greater than LC current availability.
- If the operation code is set to ‘Advice’ or ‘Pre-Advice’ and if you specify the ‘Amount Confirmed’ and ‘Confirmation Percentage’.
- If the operation code is set to ‘Confirm’ or ‘Advice and Confirm’ and if you have not specified the values of the amount confirmed and the percentage of confirmation, then the system will default the percentage as 100, value of LC maximum amount
- If Partial Confirmation Allow flag is checked for product other than Export.
- If Partial Confirmation Allow flag is checked when LC Operation is other than Advice, Pre-advice, Confirm or Advice and Confirm.

5.3.3 Parties Tab

The Parties screen can be used to record the details related to all the parties involved in the LC. The documents, tracers and messages that are generated will be sent to the parties concerned, based on the details you specify in this screen.



You can maintain the following details here:

Party Details

You should specify the following for each of the parties involved in the LC:

Party Type

Specify the party type (beneficiary, accountee, applicant, advising bank, issuing bank, reimbursing bank, advice through bank, confirming bank, claiming bank). The adjoining option list displays all party types available for the LC. You can choose the appropriate one. If the operation code of the LC is ‘Reimbursement’ the system will default the CIF party type as ‘ISB’

(issuing bank). The party type ‘CLB’ (claiming bank) will be available only if the LC is linked to a ‘Reimbursement’ type of product.

Once the record has been saved, you can change party names by amending the record, provided the LC is not linked to a bill. Also, you cannot change party names for a transferred or an availed LC.

Note that, you can change the following party types:

- REB
- ABK
- BEN

The following table gives the details of the messages when there is a change in parties:

Changed Party Name	**Messages**
Beneficiary party (BEN) (in case of import LC)	MT707 will be sent to the advising bank. New party BEN will be sent in tag 79 of 707. If MT740 has been already sent to Reimbursing bank, then MT747 will be sent to the Reimbursing bank for intimating change of Beneficiary.
Reimbursing bank (REB) (in case of import LC)	MT799 will be sent to Advising bank. MT747 will be sent to old Reimbursing Bank Party. MT740 is sent to new REB party. FFT code ‘CANC’ must be attached manually to advice ‘LC_AMND_AUTH_REIMB’ (747), at contract level.
Advising Bank (ABK) (in case of import LC)	MT707 will be sent to the old Advising bank. MT700 will be sent to the new Advising bank. Also, FFT code ‘CANC’ must be attached to advices to 707 or 767 manually.
BEN (in case of export LC)	Counterparty will be changed and the limits, if any, for the old Beneficiary will be reinstated and will be tracked against the new Beneficiary.
REB (in case of Guarantees and SGs)	MT767 will be generated to the Advising bank.
ABK (in case of export LC)	You can change the ABK.
ABK (in case of Guarantees and SGs)	MT767 will be generated to the old Advising Bank. In Tag 77C, Code ‘CANCEL’ will be populated indicating that the Guarantee is cancelled. MT760 will be generated to the new Advising Bank.
BEN, REB, and ABK	MT707 will be sent to the old Advising Bank intimating the change of Advising Bank. MT700 will be sent to the new Advising Bank with the new parties for REB and BEN. MT747 will be sent to old REB and MT740 will be sent to the new REB party.

BEN and REB	MT707 will be sent to the Advising bank intimating the change of Beneficiary and Reimbursing bank. MT700 will be sent to the new Advising Bank with new Beneficiary If MT740 has already been sent to the REB, MT747 will be sent to the REB for intimating change of BEN.
REB and ABK	MT707 will be sent to the old ABK intimating the change of ABK. MT700 will be sent to the new ABK. MT747 will be sent to the old REB. MT740 will be sent to the new REB.

Party Description

You can provide the description for the party type here.

Party ID

Specify a valid party ID against the party type. The adjoining option list displays all party IDs available for the LC. You can choose the appropriate one. On specifying REB in the party type, the adjoining option list will display all IDs having the contract currency as that of the LC currency.

Note

The system validates for the ADB membership of the selected Bank. If the Bank is not a member of ADB and the BIC code for the Bank is maintained as 'ADB Member' at BIC Maintenance level, then the system displays the following override message "Advising or Issuing Bank is not a member of ADB TFFP".

5.3.3.1 Validations for ADB Member Status

Oracle FLEXCUBE validates ADB Member Status for a Bank, which is an ADB member, at each scenario with a different logic.

The system will not validate 'ADB Member Status' when the changed 'ADB Member Status' is maintained as 'Not applicable' in the following scenarios:

- When BIC is uploaded without maintaining initial status
- When a default value is maintained at BIC Code Maintenance level and initial status is not maintained
- When an initial status is changed from 'Yes' to 'Not Applicable'
- When an initial status is changed from 'No' to 'Not Applicable'

The system validates and displays an override message when the changed 'ADB Member Status' is maintained as 'No' in the following scenarios:

- When the initial status is changed from 'Not Applicable' to 'No'
- When the initial status is changed from 'Yes' to 'No'

The system validates and does not display an override message when the changed 'ADB Member Status' is maintained as 'Yes' in the following scenarios:

- When the initial status is changed from 'Not Applicable' to 'Yes'
- When the initial status is changed from 'No' to 'Yes'

The system validates the BIC code maintained in ‘Address 1’ field of the Advising Bank or Issuing Bank of LC contract with code maintained at ‘BIC Code Maintenance’ level. If the BIC code maintained in ‘Address 1’ field of LC contract is not an ADB member, then the system displays an override message.

Note

If the Advising Bank or the Issuing Bank is not a customer of the Bank, then the system validates the BIC maintained in ‘Address 1’ field of the Advising Bank or the Issuing Bank.

Customer

The CIF ID assigned to the party, if the party is defined as a customer in Oracle FLEXCUBE. If the applicant (APP) or beneficiary (BEN) is not a customer of your bank, you can use a walk-in customer ID.

Customer Name

Enter the name of the Customer. The party name can be 150 characters in length. However, please note that in the SWIFT messages that you generate only 35 characters will be included.

Country

Enter the country of the customer.

Address 1 to 4

Enter the address of the customer who has initiated the transaction.

Customer Reference

Specify the sender’s reference number. In case of an upload of MT768, the value in field 20 of the message is displayed here. Input to this field will be mandatory for the party type ‘ISB’.

Dated

Specify the date of transaction initiation.

Language

Specify the language in which advices should be sent to the customer.

Issuer

Check this option to indicate that the issuer is a bank.

Template ID

Specify the template ID. If you change REB party, then a template ID needs to be attached to send MT799 to Advising bank.

5.3.3.2 Other Addresses

Following details are displayed here:

- The media type through which the advises should be routed and the respective address(es)
- The party’s mail address
- The account

The advices for a party will be sent to the default media maintained in the Customer Addresses table. If you want to send the advices through another medium, you should indicate it in the Parties screen. The address should be also indicated. The advices will be sent through the new medium, only if you indicate so in the Advices screen of contract

processing. If not, the advice will continue to be sent to the default address defined for the party.

You can use this feature to send a one-off advice, through a different medium. For example, for a particular customer, you normally send all advices through mail and hence haven't defined SWIFT or TELEX advices. For an LC involving a customer, you want to send the advices through SWIFT. In such a case, you can specify the medium as SWIFT and specify the address only for the LC you are processing.

The issuer of LC is a bank or an individual. This is enabled only for the party type ISB (issuing Bank). The party type is defaulted from CIF maintenance. However, you can amend the value before authorizing the contract.

If issuer of LC is a bank, tags 52A and 52D will be populated. The message Types supported by these tags are MT710/MT720.

If issuer of LC is not a bank, 52B tag will be populated.

The parties involved in an LC depend upon the type of LC you are processing. The following table indicates the minimum number of parties required for the types of LC that you can process.

LC type	**Parties applicable**	**Mandatory parties**	**Parties not allowed**
Import LC	Applicant/Accountee Advising Bank Beneficiary Confirming Bank Reimbursing Bank	Applicant and Beneficiary OR Accountee and Beneficiary	Issuing Bank
Export LC	Applicant/Accountee Issuing Bank Advising Bank Beneficiary Confirming Bank Reimbursing Bank	Beneficiary and Issuing Bank	Advising Bank
Shipping Guarantee	Applicant/Accountee Advising Bank Beneficiary Confirming Bank Advice Through Bank Reimbursing Bank	Applicant and Beneficiary	Issuing Bank
Guarantee	Applicant and Beneficiary	Applicant and Beneficiary	Advising Bank Advise Through Bank Reimbursement Bank Issuing Bank

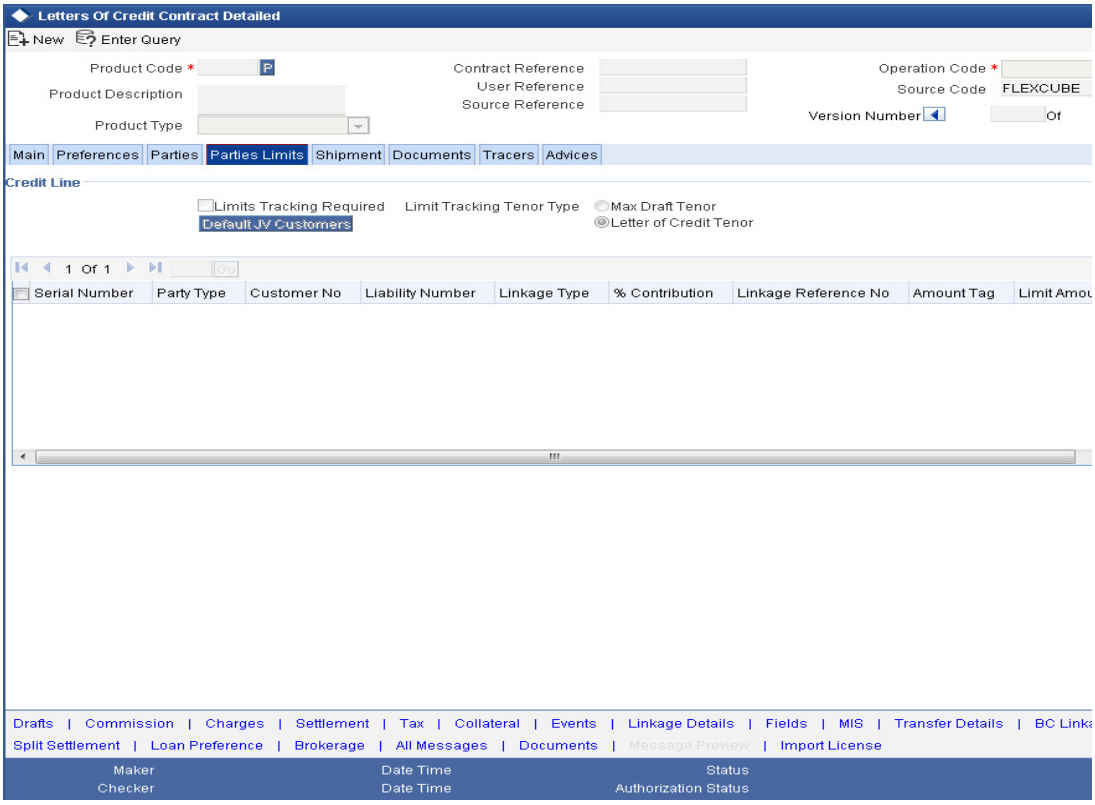
Standby	Applicant/Accountee Advising bank Beneficiary Confirming bank Reimbursing bank	Applicant and Beneficiary	Issuing Bank
Clean LC	Applicant/Accountee Advising bank Beneficiary Confirming bank (for confirmed LCs only; could be more than one bank)	Applicant and Beneficiary OR Accountee And Beneficiary	Issuing Bank

Note

While processing LCs and guarantees, you can use the walk-in customer ID for the applicant (APP) and Beneficiary (BEN) party types. However, note that you can use a particular CIF ID only once in an LC.

5.3.4 Parties Limits Tab

Oracle FLEXCUBE allows you to track the credit limits for joint venture customers who are parties to an LC contract. Using ‘Parties Limits’ tab, you can track the limits of multiple credit lines in an LC contract. Click ‘Parties Limit’ tab on ‘LC Contract Details’.



Specify the following details:

Limits Tracking Required

Check this box to indicate that limit tracking is required for the parties to the LC contract. If you check this box, the system will let you set the limits for multiple credit lines in the contract. If you do not check this box, the system will not track the parties' limits.

On checking this box, the system enables 'Default' button. You can use this button to get the default values for the parties in the credit lines.

Limit Tracking Tenor Type

Choose the limit tracking tenor type from the following options:

- Letter of Credit tenor
- Max Draft Tenor

Party Type

Specify the type of the party whose credit limits need to be tracked.

If you click 'Default' button, in the first row, the system defaults the joint venture party type based on the joint venture party selected under 'Parties' tab of 'LC Contract Details' screen. However, you need to make sure that the mandatory party details have been maintained under 'Parties' tab of the screen.

When you add another row to the list, you can manually select the party type as required. If you leave it blank, the system will automatically update the party type when you save the contract.

Customer No

Specify the customer number of the party whose credit limits need to be tracked. The option list displays the customer numbers of all the parties selected under 'Parties' tab. Choose the appropriate one.

You need to make sure that the customer number corresponds to the party type selected above. If the customer number and party type do not match, the system displays an error.

JV Parent

When you click 'Default' button, the system defaults the joint venture customer number of the party. This customer number is defaulted based on the details maintained in 'Joint Venture' sub-screen of 'Customer Maintenance' screen.

Liability Number

When you click 'Default' button, the system defaults the liability number from 'Joint Venture' sub-screen of 'Customer Maintenance' screen.

Linkage Type

Specify the linkage type. The drop-down list displays the following options:

- Facility (Credit Line)
- Collateral Pool
- Collateral

Choose the appropriate one.

Linkage Reference No

Specify the reference number that identifies the facility, collateral pool or collateral. The option list displays all valid facilities and collateral pools specific to the liability. Choose the appropriate one.

In case you choose the same linkage reference for more than one record in the list, the system displays an override message. You may choose to cancel or proceed with the selection.

% Contribution

Specify the proportion of limits to be tracked for the credit line or collateral pool for the joint venture customer. When you click 'Default' button, the system defaults the percentage of contribution maintained under 'Joint Venture' sub-screen of 'Customer Maintenance' screen.

It is mandatory to indicate the percentage of contribution if the party is a customer under joint venture. This is not applicable to customers who are not a part of joint venture.

Note

For one joint venture, the total percentage of contribution in all applicable credit lines together cannot be more than 100%.

Amount Tag

Specify the amount tag. The system tracks the limits for non joint venture customers based on the amount tag. The amount tags applicable to export and import LC contracts are listed below:

Amount tags applicable to Export LC:

- Liability Amount
- Confirmed Amount
- Unconfirmed Amount

Amount tags applicable to Import LC:

- Liability Amount
- Undertaking Amount
- Non Undertaking Amount

Choose the appropriate one based on the type of LC contract. If you do not specify the amount tag, the system will track the limits based on the liability amount and facility.

For joint venture customers, you need to choose 'Liability Amount' as the amount tag. Other amount tags are not applicable to joint venture customers.

The system verifies the amount tag against the product type. If you choose an amount tag, which is not supported by the product type, the system displays an error message.

Amount

When you click 'Default' button, the system defaults the amount tracked for each credit line. In case of joint venture customers, the amount is derived on the basis of the percentage of liability amount. In case of other customers, the amount is derived based on the amount tag specified above.

You can add more rows to the list of credit lines using add button. Similarly, you can remove a selected row from the list using delete button.

Once you have specified the details, save the contract. In case the limit for a credit line has been completely exhausted, the system displays a configurable override message. If you have not used 'Default' button while specifying the parties' limit details, the system will automatically default the details and track the limits based on that.

For example, Customer A and Customer B enter into a joint venture. The credit lines are attached as shown below:

Joint Venture	Party Type	Customer	Liability	Amount Tag	Facility/ Pool	Percent-age
Cus-tomer JV	BEN	Customer A	Customer A	N/A	FACILI-TY1	10
Cus-tomer JV	BEN	Customer A	Customer A	N/A	FACILI-TY2	15
Cus-tomer JV	BEN	Customer A	Customer A	N/A	POOL1	5
Cus-tomer JV	BEN	Customer B	Customer B	N/A	FACILI-TY3	25
Cus-tomer JV	BEN	Customer B	Customer B	N/A	FACILI-TY4	10
Cus-tomer JV	BEN	Customer B	Customer B	N/A	POOL2	10
Cus-tomer JV	BEN			N/A	FACILI-TY5	15
Cus-tomer JV	BEN			N/A	POOL3	10
	ISB	Customer C	Customer C	Confirmed Amount	FACILI-TY6	0
	ISB	Customer C	Customer C	Uncon-firmed Amount	FACILI-TY7	0

The joint venture of Customer A and Customer B results in the creation of a customer called ‘Customer JV’. Facilities/Pools are linked to the Customer A, Customer B and Customer JV. If the counterparty in the LC contract is ‘Customer JV’, then all credit lines and collateral pools belonging to the customers, Customer A, Customer B and Customer JV will be available for linkage.

The LC details are given below:

LC Amount : GBP 10000

Positive Tolerance : 10%

Liability Tolerance: 10%

Max LC Amount: GBP 11000

Liability Amount: GBP 12100

Confirmed Amount : GBP 7700 (70% of Max LC Amount)

Unconfirmed Amount : GBP 3300 (30% of Max LC Amount)

Limits are maintained for joint venture and non joint venture customers as follows:

Joint Venture	Party Type	Customer	Liability	Amount Tag	Facility/ Pool	%	Amount (GBP)
Customer JV	BEN	Customer A	Customer A	N/A	FACILITY1	10	1210
Customer JV	BEN	Customer A	Customer A	N/A	FACILITY2	15	1815
Customer JV	BEN	Customer A	Customer A	N/A	POOL1	5	605
Customer JV	BEN	Customer B	Customer B	N/A	FACILITY3	25	3025
Customer JV	BEN	Customer B	Customer B	N/A	FACILITY4	10	1210
Customer JV	BEN	Customer B	Customer B	N/A	POOL2	10	1210
Customer JV	BEN			N/A	FACILITY5	15	1815
Customer JV	BEN			N/A	POOL3	10	1210
	ISB	Customer C	Customer C	Confirmed Amount	FACILITY6	0	7700
	ISB	Customer C	Customer C	Unconfirmed Amount	FACILITY7	0	3300

In case of joint venture customers, limits are tracked on the basis of the percentage of liability amount. In this case, it is GBP 12100.

5.3.4.1 Using ‘Default’ Button

When you click ‘Default’ button on ‘Parties Limit’ tab of ‘LC Contract Details’ screen, the system defaults the following details in the credit lines:

- Party Type
- JV Parent
- Liability Number
- Percentage of Contribution

- Amount

You can use ‘Default’ button multiple times. Every time you click this button, the system defaults the values afresh in all applicable fields. Any prior modification made to the values in the above fields will be ignored. Hence, you need to verify the values in the modified fields each time after clicking ‘Default’ button.

5.3.4.2 Updating Parties’ Limits on Amendment of LC Contract

Oracle FLEXCUBE allows you to amend LC contracts. Such amendments may have direct impact on the parties limits defined in the contracts. This section examines the some amendments that can be made to an LC contract and their impact on the parties’ limits.

Increase in LC Amount

If there is an increase in the LC amount, based on the amount tag, the system updates the parties’ limits as follows:

Amount Tag	Changes in Parties’ Limits
Liability Amount	The liability amount is used to track the delta amount
Confirmed Amount	The increased confirmed amount is used to track the parties’ limits
Unconfirmed Amount	The increased unconfirmed amount is used to track the limits
Non-undertaken Amount	The LC amount is used to track the limits for the line specified under ‘Non-Undertaken Amount’

After amendment, if there is an increase in the confirmed amount, the parties’ limits are updated as follows:

Amount Tag	Changes in Parties’ Limits
Liability Amount	The system does not track the limits
Confirmed Amount	The increased confirmed amount is used to track the limits
Unconfirmed Amount	The increased confirmed amount is deducted from the credit line tracked for the unconfirmed portion

After amendment, if there is an increase in the undertaking amount, the parties’ limits are updated as follows:

Amount Tag	Changes in Parties’ Limits
Liability Amount	The system does not change the parties’ limits
Undertaken Amount	The increased undertaken amount is used to track the limits
Non-undertaken Amount	The increased undertaken amount is deducted from the credit line tracked for the non-undertaken portion

After amendment, if there is a decrease in the LC amount, the system updates the parties' limits as follows:

Amount Tag	Changes in Parties' Limits
Liability Amount	The decreased amount is deducted from the credit line tracked for the liability amount
Confirmed Amount	The decreased confirmed amount is deducted from the credit line tracked for the confirmed amount
Unconfirmed Amount	The decreased confirmed amount is deducted from the credit line tracked for the unconfirmed portion

After amendment, if there is a decrease in the confirmed amount, the system updates the parties' limits as follows:

Amount Tag	Changes in Parties' Limits
Liability Amount	The system does not change the parties' limits
Confirmed Amount	The decreased confirmed amount is deducted from the credit line tracked for the confirmed amount
Unconfirmed Amount	The decreased confirmed amount is added to the credit line tracked for the unconfirmed portion

After amendment, if there is a decrease in the undertaking amount, the system updates the parties' limits as follows:;

Amount Tag	Changes in Parties' Limits
Liability Amount	The system does not change the parties' limits
Non-Undertaken Amount	The decreased undertaken amount is added to the credit line tracked for the non-undertaken portion

If the percentage of allocation is modified, the system updates the delta amounts accordingly. If the parties in the 'Parties' tab are changed and the old party happens to be a joint venture party, the limit tracked against all the joint venture customers will be reduced proportionately.

If the new party is a joint venture, the new JV customers along with the relevant details will be defaulted in the 'Parties Limits' tab when you click 'Default' button. Please notice that this is applicable only to joint venture customers of the changed parties.

5.3.4.3 Updating Parties' Limits on LC Availments

On receipt of the bills or on notification from the negotiating bank, you can record an availment under an LC. The system updates the parties' limits during availment of an LC contract.

At the time of availment, the system reinstates the limits for the lines under the joint venture customers. This reinstatement takes place proportionately based on the percentage of amount utilized.

In case of non joint venture customers, the reinstatement takes place based on the amount tag selected under ‘Parties Limits’ tab. The method of reinstatement for each amount tag is given below:

Amount Tag	Changes in Parties’ Limits
Liability Amount	The limits are reinstated based on the LC amount availed so far
Confirmed Amount	The limits are reinstated based on the confirmed portion of the LC amount availed so far
Unconfirmed Amount	The limits are reinstated based on the unconfirmed portion of the LC amount availed so far
Undertaken Amount	The limits are reinstated based on the undertaken portion of the LC amount availed so far
Non-undertaken Amount	The limits are reinstated based on the non-undertaken portion of the LC amount availed so far

5.3.4.4 Updating Parties Limits on Reinstatement of LC Contracts

You can mark specific LC contracts for automatic reinstatement. Such contracts will be reinstated as part of a batch process during BOD operations.

At the time of reinstatement, the system tracks the limits for the lines under the joint venture customers. This tracking takes place proportionately based on the percentage of amount.

In case of non joint venture customers, the system tracks the limits based on the amount tags selected under ‘Parties Limits’ tab. The method of tracking limits for each amount tag is given below:

Amount Tag	Changes in Parties’ Limits
Liability Amount	The system tracks the limits based on the LC amount reinstated so far
Confirmed Amount	The system tracks the limits based on the confirmed portion of the amount reinstated so far
Unconfirmed Amount	The system tracks the limits based on the unconfirmed portion of the amount reinstated so far
Undertaken Amount	The system tracks the limits based on the undertaken portion of the amount reinstated so far
Non-undertaken Amount	The system tracks the limits based on the non-undertaken portion of the amount reinstated so far

5.3.4.5 Updating Parties Limits on Closure of LC Contracts

You can mark specific LC contract for automatic closure. LC contracts marked for closure are closed as part of a batch processes. On closure of an LC, the system reinstates the limits from the linked lines/pools to the extent of tracking.

You can also close an LC contract partially. In case of a partial closure, the system tracks the limits separately for confirmed amount and unconfirmed amount. As part of PCLS event, the

limits for the confirmed amount will be released after excluding the amount of bill in the initial stage. The entire portion of unconfirmed amount is tracked separately.

5.3.4.6 Updating Parties Limits on Reversal and Deletion of LC Contracts

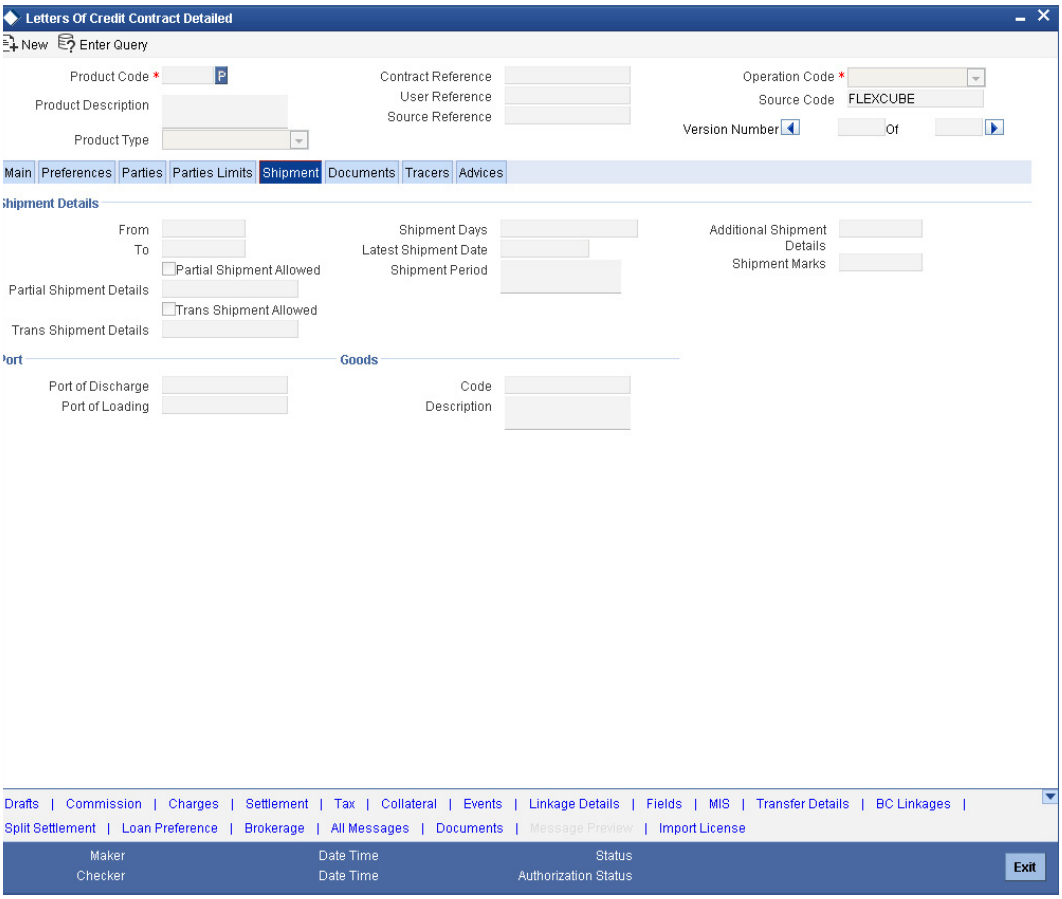
Oracle FLEXCUBE allows you to reverse or delete an LC contract. On reversal or deletion of an LC, the limits tracked for all joint venture parties are reduced proportionately. The limits tracked for non joint venture customers are reduced to the extent to which it was tracked.

5.3.5 Shipment Tab

An LC instrument, which is an instrument of trade finance, involves details of merchandise. Hence, you will need to specify the following details for the LC:

- Details of the merchandise
- Details of the mode of transportation

You can also specify Preferences for the shipment of goods. Note that you will not be able to save shipment and goods related details for an LC under the operation code 'Reimbursement'. Click on the tab titled 'Shipment' to specify shipment details of LC.



5.3.5.1 Shipment Details

There are certain standard clauses and conditions, associated with the shipment of the merchandise traded under an LC. You can specify the following shipping details for an LC that you process.

From

The location from which the goods transacted under the LC should be shipped. In international trading parlance, this is called the Loading on board/Dispatch/Taking in charge at/from.

To

The destination to which the goods transacted under the LC should be sent. In international trading parlance, this is called the 'For transportation' to.

'Shipment From' and 'Shipment To' are linked to the tags 44A and 44 B respectively. These tags are applicable to the following message types:

- MT700
- MT705
- MT707
- MT710
- MT720

Note

Specifying the 'Shipment From' and 'Shipment To' is optional.

Partial Shipment Allowed

Check this option if partial shipment of the goods is allowed under the LC.

Trans Shipment Allowed

Check this option if Trans-shipment is allowed under the LC.

Shipment Days

Specify the number of shipment days.

If you enter the shipment days and leave the field 'Latest Shipment Date' blank, on saving the contract, the system calculates the latest shipment date based on the number of shipment days and the effective date.

However, if you specify the latest shipment date, the system ignores the shipment days specified here. Instead, it recalculates the shipment days based on the latest shipment date and the effective date.

Latest Shipment Date

Specify the latest date for loading on board/despatch/taking in charge. If this date is greater than the linked policy expiry date, the system will display an override/error message. This corresponds to the field 44C in MT 700 and is a conditional field. Either field 44C (Latest Shipment date) or 44D (Shipment Period) will be present in the message, but not both.

In case you do not specify the latest shipment date, the system automatically calculates the date based on the number of shipment days and the effective date specified above.

Now, suppose that you have specified both the shipment days and the latest shipment date. In that case, the system ignores the shipment days and recalculates it based on the latest shipment date and the effective date.

If you modify the latest shipment date during amendment, the system recalculates the number of shipment days.

Shipment Period

Specify the period of time during which the goods are to be loaded on board/despatched/ taken in charge. This corresponds to field 44D in MT 700 and is a conditional field. Either field 44C (Latest Shipment date) or 44D (Shipment Period) will be present in the message, but not both.

Additional Shipment Details

Specify additional shipment details.

Shipping Marks

Specify shipping marks.

5.3.5.2 Goods

The details of the merchandise that will be traded under the LC should be clearly specified.

Goods Code

You have maintained various codes that have been allotted, for commodities normally traded in your country. The commodities are available for selection in the form of an option-list. In addition, the list will also display whether a particular commodity is banned or not by indicating 'YES' (for a banned product) and 'NO' (for a product that is allowed for trade) against the product. You can select the applicable code for the LC you are processing, from the list.

Description

The description of this code (which could be 6500 characters long), can be changed to suit the LC you are processing. You can also enter specifications such as the quality and quantity of the merchandise.

INCO Term

Specify the INCO term related to goods that are a part of the LC instrument. You can select one of the following values from the adjoining option list:

- EXW - EX Works (…named place)
- FCA - Free Carrier (…named place)
- FAS - Free Alongside Ship (…named port of shipment)
- FOB - Free On-Board (…named port of shipment)
- CFR - Cost and Freight (…named port of destination)
- CIF - Cost Insurance Freight (…named port of destination)
- CPT - Carriage Paid to (…named place of destination)
- CIP - Cost Insurance Paid (…named place of destination)
- DAF - Delivered at Frontier (…named place)
- DES - Deliver Ex Ship (…named port of destination)
- DEQ - Delivered Ex Quay (…named port of destination)
- DDU - Delivered Duty Unpaid (…named place of destination)
- DDP - Delivered Duty Paid (…named place)
- DAT - Delivered at Terminal (...named place of destination)
- DAP - Delivered at Place (...named place of destination)

Once you choose the INCO Term, the documents and clause details will be displayed based on the maintenance for the chosen INCO term in the 'INCO Terms Maintenance' screen. However, if you change the INCO term, the document and clause details will be not be updated automatically. You will have to manually change them if required. However, the system will check whether the document and clauses details are the same as those defined in the 'INCO Term Maintenance' screen.

The INCO term is picked up and displayed in field 45A of MT700.

5.3.5.3 Port

Specify the following details.

Port of Loading

You can specify the name of the airport from where the goods transacted under the LC are loaded for shipping. This is called the Port of Loading.

Port of Discharge

You can also specify the name of the destination port to which the goods transacted under LC should be sent. This is called the Port of Discharge.

'Port of Loading and 'Port of Discharge' are linked to the 44E and 44F tags respectively. These tags are applicable to the following message types:

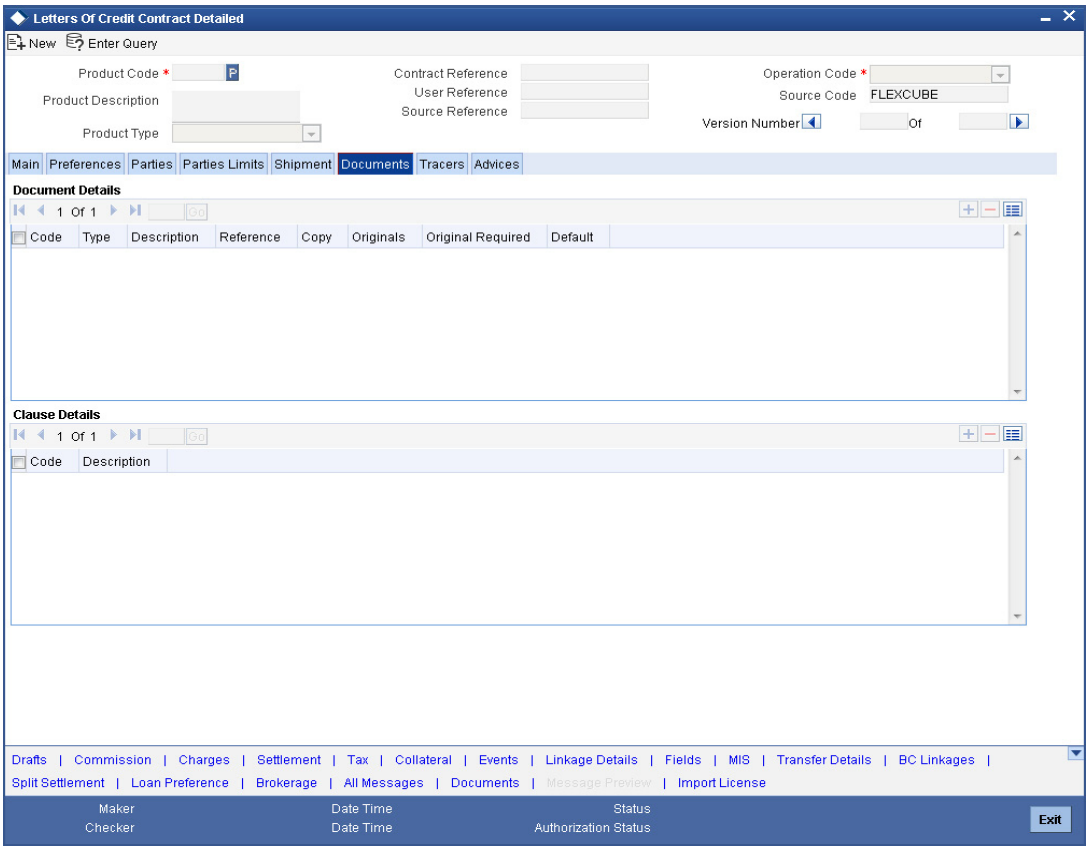
- MT700
- MT705
- MT707
- MT710
- MT720

Note

It is not mandatory to specify the Port of Loading or Port of Discharge.

5.3.6 Documents Tab

Click on the tab titled ‘Documents’ to specify details of the documents and clauses that are part of the LC instrument and the documents that should accompany the goods.



Here you can capture the following details:

5.3.6.1 Documents

There are some standard documents required under a documentary LC. In this screen you can specify the documents that are required under the LC being processed. These details will be a part of the LC instrument sent to the advising bank, the advice through bank or the beneficiary. All the documents specified for the product to which the LC is linked will be defaulted to this screen.

Code

Enter the document Code

Type

Enter the document type

Description

Enter the document description of the document that is defaulted to suit the LC you are processing. This field will be enabled only if the LC type is ‘Shipping Guarantee’, but not mandatory.

During copy operation, the value of this field will not be copied to the new contract.

Document Reference

Enter the document reference number based on which the Shipping Guarantee issued.

Number of Copies

Enter the number of copies of the document.

Number of Originals

Enter the number of Original documents here.

Original Receipt

Enter the receipt details here.

You can add to or delete from the list of documents that are defaulted. To add a document for the LC, click add icon and then on option list positioned next to the 'Code' field. Select the code of the appropriate document from the list of document codes maintained in the Documents Maintenance screen. The other details of the document will be defaulted to this screen.

To delete a document that is not required for the LC, highlight the document code and click on the delete icon.

5.3.6.2 Clauses Details

In addition to the other details, the clauses specified for a document while defining the product, are also defaulted to this screen.

Code and Description

When you highlight a document code, all the clauses defined for the document are displayed in the Clauses window. You can add to or delete from, the list of clauses that are defaulted.

To add a clause to a document for the LC, click add icon. Then, click adjoining option list. Select the code of the applicable clause from the list of clause codes maintained, in the Clause Maintenance screen. The description of the clause will be defaulted, based on the clause code that you select.

To delete a clause that is not required for the LC, highlight the Clause code and click delete icon.

5.3.7 Advices Tab

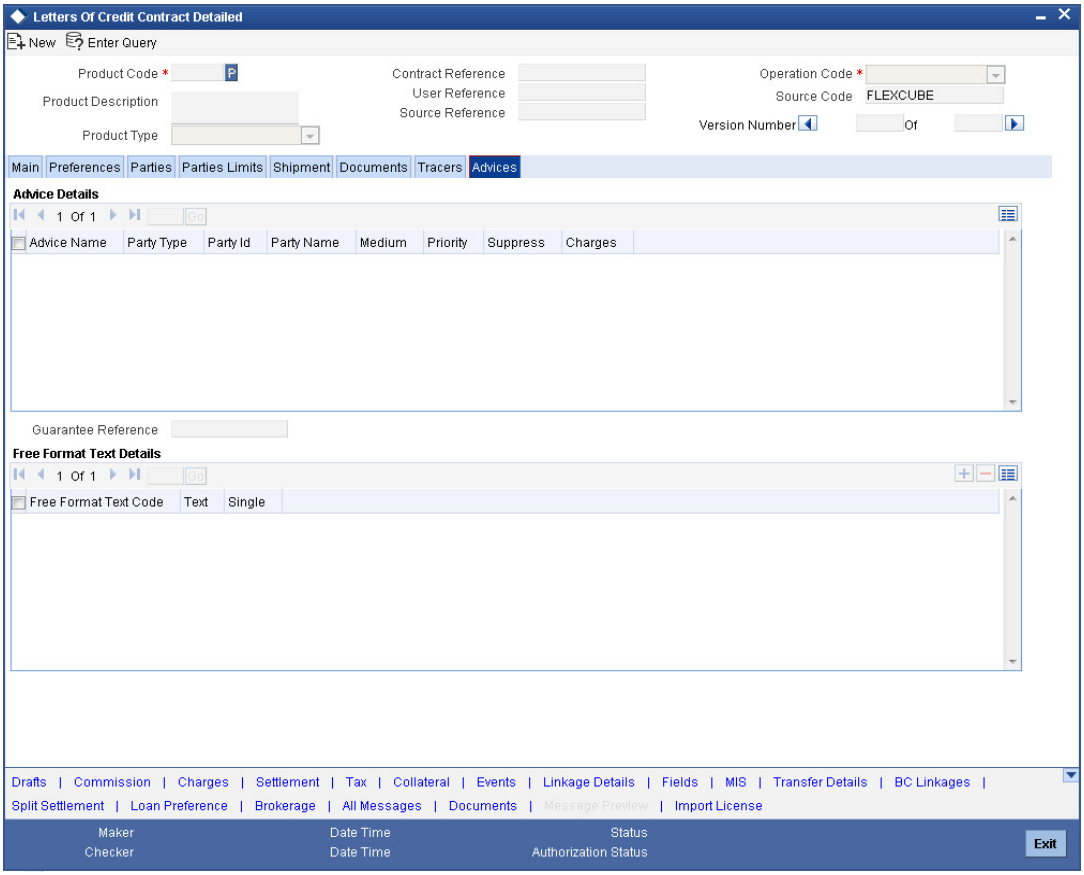
An important part of processing an LC is the generation of various advices applicable for a contract.

The advices that can be generated for the events that occur during the lifecycle of an LC are defined for the product, to which the LC is linked. For example, you may have specified the following advices for a product:

- Issue of an import LC: pre-advice by SWIFT and LC instrument by mail to the advising bank, the authorization to reimburse to the reimbursing bank.
- Advice of an export LC: the acknowledgement advice to the advising bank.
- Issue of a guarantee: the guarantee instrument to the beneficiary.

The details of the advices for an event are displayed in the Advices screen. The party type to whom a specific advice should be sent is picked up automatically based on the type of LC being processed and the parties involved.

From the LC Contract Details screen click ‘Advices’ tab. The advices screen is displayed.



The advices defined for the event you are processing will be displayed. You can choose to suppress any of them. The address of the party to whom the advice is addressed to will be picked up by default, based on the media and address maintenance for the party. These can be changed if required.

For a payment message by SWIFT, you also have the option to change the priority of the message.

You can capture the following details.

Suppress

By default, all the advices that have been defined for a product will be generated for the LCs involving it. If any of the advices are not applicable to the LC you are processing, you can suppress its generation by Checking against the suppress field.

Priority

For a payment message by SWIFT, you also have the option to change the priority of the message. By default, the priority of all advices is marked as Normal. The priority of a payment message can be changed to one of the following:

- Normal
- Medium
- High

Medium

The medium by which an advice will be transmitted and the corresponding address will be picked up based on the media and address maintenance for a customer.

You can, however, change either of these while processing the LC. Typically, if changed, both of them will be changed.

After selecting the advices to be generated for the LC, click on 'Ok' to save it. Click 'Exit' or 'Cancel' button to reject the inputs you have made. In either case, you will be taken to the Contract Main screen.

5.3.7.1 FFT Details

Free Format Text instructions (FFTs) are a set of instructions or statements that are applicable to the LC that you process. It can be used to enter additional details related to the LC you are processing. In the LC Contract - Advices screen you can specify the FFTs that should accompany an advice, generated for an LC. When you select an advice code on this screen, the advice code together and the party type, to which it is to be sent, is displayed in the FFT section. This indicates that the FFTs that you specify will appear on the advice, which is displayed and will be sent to the party type that is displayed.

All the FFTs defined for the advice, at the product level will also be displayed. You have the option to add to or delete from the list of FFTs defaulted for an advice.

Free Format Text Code

To add an FFT to the list, click add icon. Select an FFT code from the adjoining option list that is displayed.

Text

After selecting the code that identifies the FFT you wish to attach to the advice, its description is automatically picked up and displayed. The FFT description can be changed to suit the requirements of the LC you are processing.

Single

Check this option to indicate that the FFT is a single message.

Guarantee Reference Number

Choose the guarantee whose details you would like to upload (from the Incoming Message Browser) in the FFT Description fields.

A FFT Description field can contain 2000 characters. If the details of the guarantee you specify exceeds 2000 characters, the system will automatically stagger the remaining text into subsequent FFT Description fields.

To delete an FFT from the list, highlight the code that identifies the FFT and click delete icon. The free format codes for the following purposes have the fixed codes:

SND2RECINFO	**Sender to receiver information (Field 72 of SWIFT).**
INSTRUCTION	Instructions to the Paying/Accepting/Negotiating bank (Field 78 of SWIFT).

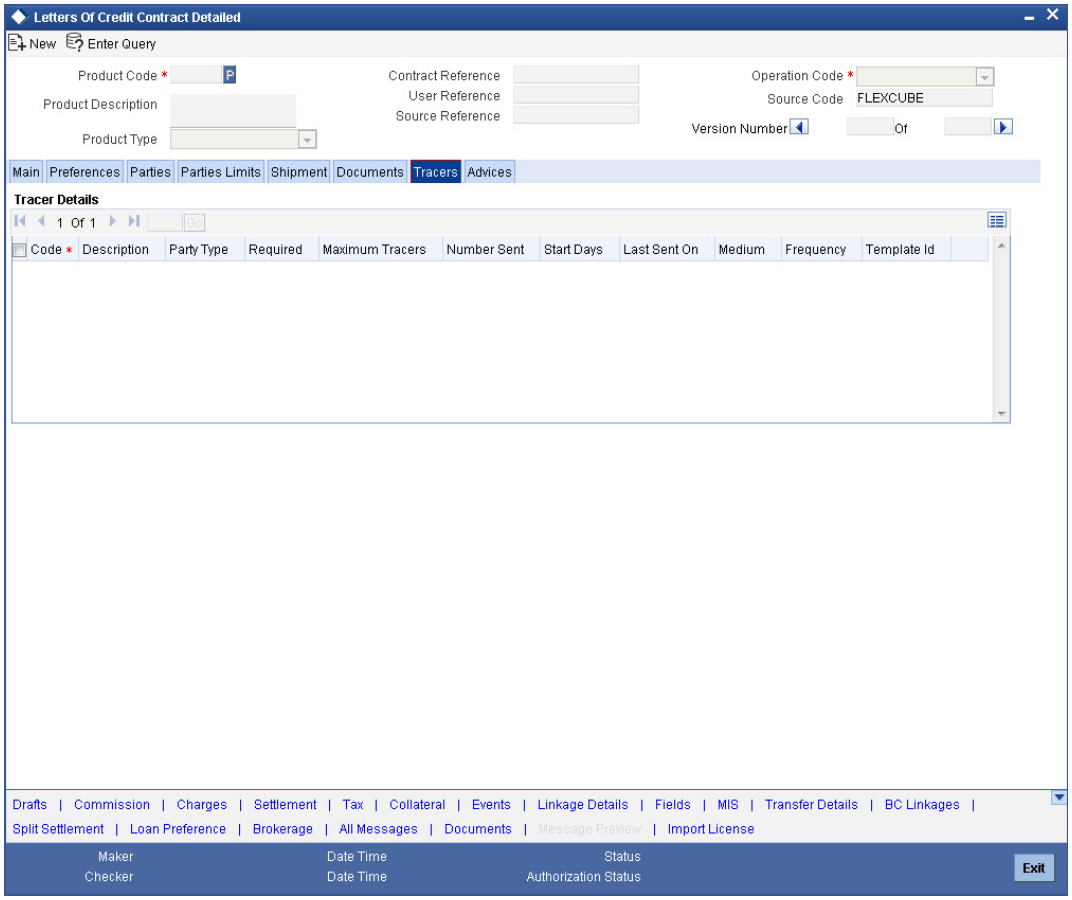
5.3.8 Tracers Tab

Tracers are reminders that can be sent to various parties involved in an LC. The list of tracers that you can send for an LC is predefined (hard coded in the system) and can be classified into the following types:

- The acknowledgement tracer (sent to the advising bank when an import LC is issued and an acknowledgement is sought)
- The charge-commission tracer (sent to the party who has to bear the commission or charges for an LC, pending the payment of the charge or commission)

- The confirmation tracer (sent to the confirming bank, seeking a letter of confirmation).

You can specify the tracers to be sent for an LC, in the LC Contract Tracers screen. To invoke this screen, click on the tab titled Tracers in the LC Contract Details screen. The LC Product Tracers screen is displayed.



The tracers, specified for the product to which you have linked the LC, will be defaulted to this screen. The following details will be displayed:

- Tracer Code
- Description of the tracer
- Party ID and type to which the tracer is to be sent
- Number of tracers sent thus far, to the party
- Date on which the tracer was last sent to the party

For the tracer code that is highlighted, the details are defaulted from the product and can be changed to suit the LC you are processing.

Required

You can stop the generation of a tracer at any point during the life cycle of an LC contract.

For instance, you had specified that an acknowledgement tracer is to be generated for a contract. When you receive the acknowledgement from the concerned party, you can disable its generation. At a later stage when you wish to generate the tracer again, you only need to enable it for the LC by using this facility.

If this box is checked, it means that the tracer should be applied for all new LCs involving the product. If not, it means that it should not be applied for new LCs involving the product. Amen

If for some reason you want to stop generating the tracer for a product, uncheck this box through the product modification operation. The tracer will not be generated for new LCs involving the product.

Maximum Tracers

You can specify the maximum number of tracers that should be sent for the LC. The value is defaulted from the product under which you are processing the LC.

Start Days

The tracers that you specify for an LC can be generated only after it has been authorized. Specify the default number of days that should elapse after an LC has been authorized, on which the first tracer should be sent.

By default, the first tracer for an authorized LC contract will be sent, after the number of days prescribed for the product under which it is processed.

Frequency

You can specify the frequency (in days) with which the tracer should be re-sent, for the LC you are processing.

Medium

If you have specified that tracers should be generated for an LC, you should also specify the medium through which it is to be generated. A tracer for an LC can be sent through Mail, Telex or other compatible media.

Template ID

Specify the template ID for the SWIFT message type.

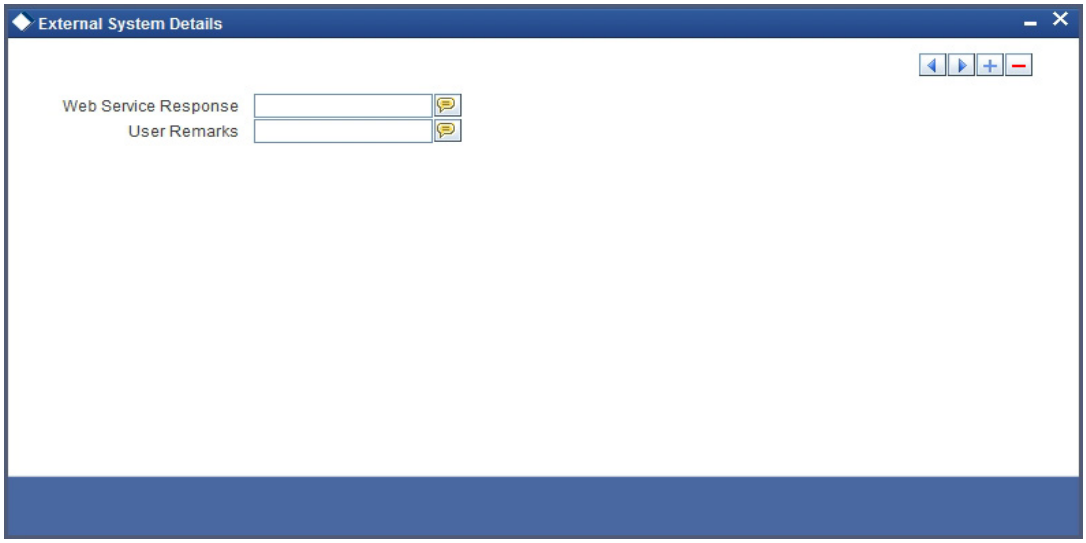
If the medium is SWIFT, then the system will generate the tracers in the SWIFT MT799 format based on the template ID mentioned at the LC Contract level for populating the tag 79.

5.4 Viewing OFAC Check Response

OFAC check enables the application to call an external web service to perform black list check for customer and customer accounts and give warnings appropriately while transacting with black listed customers. You can also capture your remarks before overriding the black list warning.

Click ‘OFAC Check’ button in ‘Letters of Credit - Contract Input - Detailed’ screen to view the OFAC check response in the ‘External System Detail’ screen On clicking ’OFAC Check’ button, system will build the request XML and call the web service. The ‘External System details’ screen displays the response is received from the external system and you will be also allowed to enter your remarks in this screen. The response received will also be sent to Oracle FLEXCUBE Database layer for any further interpretations of the same. This button can be

made visible while carrying out the actual customization. Request building response interpretation in the database layer needs to be done as part of customization to enable this.



Here, you can view /capture the following details:

External System Response

The response from the external system regarding the black listed customer is displayed here.

User Remarks

Specify your remarks regarding the black listed customer here.

5.4.1 Viewing Different Versions of Contract

When you enter a contract, it is allotted the version number, 1.Every amendment and reinstatement results in the next version of the contract being created.

While viewing the Detailed View screen for a contract, the latest version will be displayed. To navigate between the different versions, use the arrow buttons to view the previous and next version.

The LC contract will become effective in the system only after you 'Save' the details and your supervisor authorizes it.

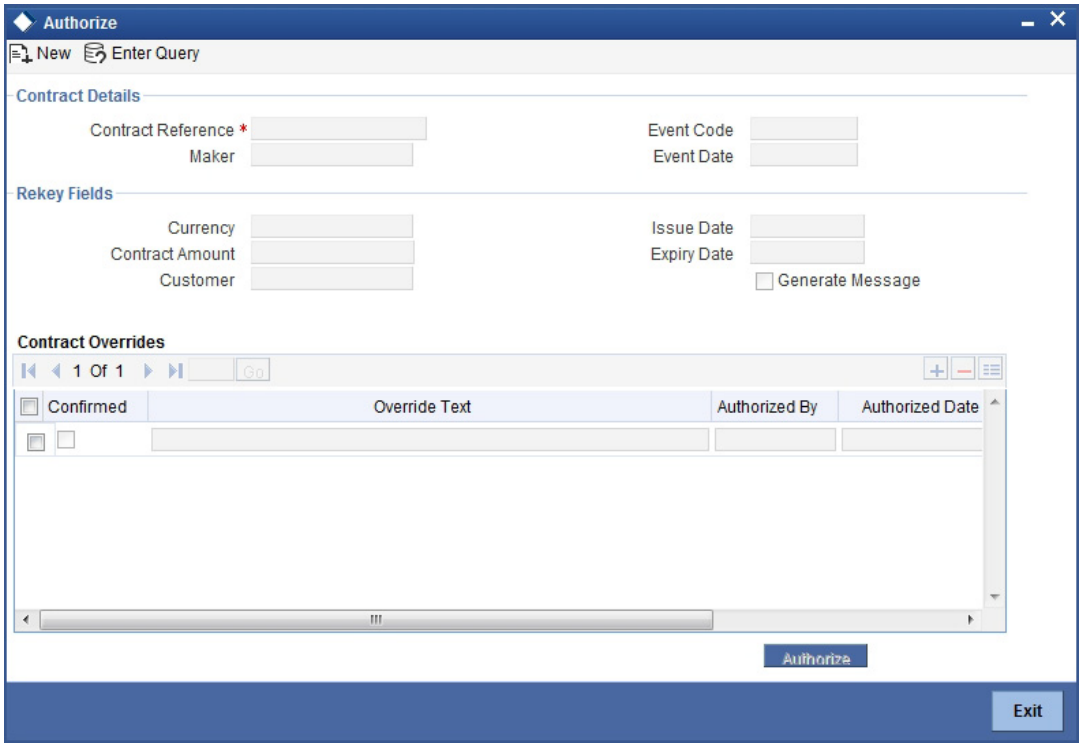
Note

The system will display an override message if you save the contract with the drawee and applicant being the same. You may use your discretion to proceed or cancel the contract. You can also have this override configured as an error message in which case, the system will not allow you to proceed until you make the necessary changes.

5.5 Authorizing a Contract

Every Letters of Credit transactions that you enter manually must be verified and authorized. Only a user who has appropriate rights can perform the verification and authorization functions. Such a user is called an authorizer. You can invoke the 'Letters Of Credit Authorise Contract' screen by typing 'LCDTRAUT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You can authorize a contract by clicking the ‘Authorize’ icon on the Application toolbar.



Note

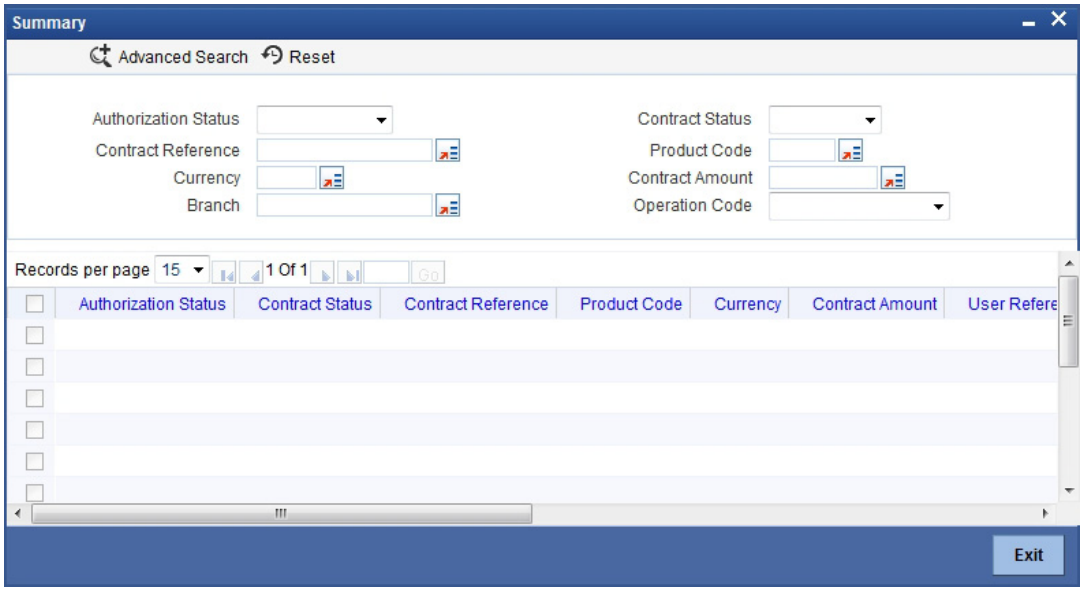
You cannot authorise a contract in the following cases:

- the contract has multilevel of authorization pending, the same will be done using the ‘Multilevel Authorization Detailed’ screen
- the level of authorization is greater than or equal to ‘N’
- the ‘Nth’ or the final level of the users authorisation limit is less than the difference between amount financed and sum of the limits of all the users involved in authorizing a transaction, this case holds good when the ‘Cumulative’ field is checked in the ‘Product Transaction Limits Maintenance’ screen
- the transaction amount is greater than the authoriser’s authorisation limit if the ‘Cumulative’ field is unchecked in the ‘Product Transaction Limits Maintenance’ screen

5.6 Viewing LC Contract

You can view the LC contract using ‘Letters of Credit Contract Summary’ screen.

To invoke this screen, type ‘LCSTRONL’ in the field at the top right corner of the Application tool bar and click the adjoining arrow button.



You can click ‘Search’ button to view all the pending functions. However, you can to filter your search based on any of the following criteria:

Authorized

Select the authorization status of the contract from the drop-down list.

Contract Reference

Select the contract reference number from the option list.

Currency

Select the currency of the transaction from the option list.

Branch

Select the branch code for which you want to check the contract from the option list.

Contract Status

Select the status of the contract for which you want to check the pending function from the drop-down list.

Product Code

Select the product code from the option list.

Contract Amount

Select the contract amount.

Operation Code

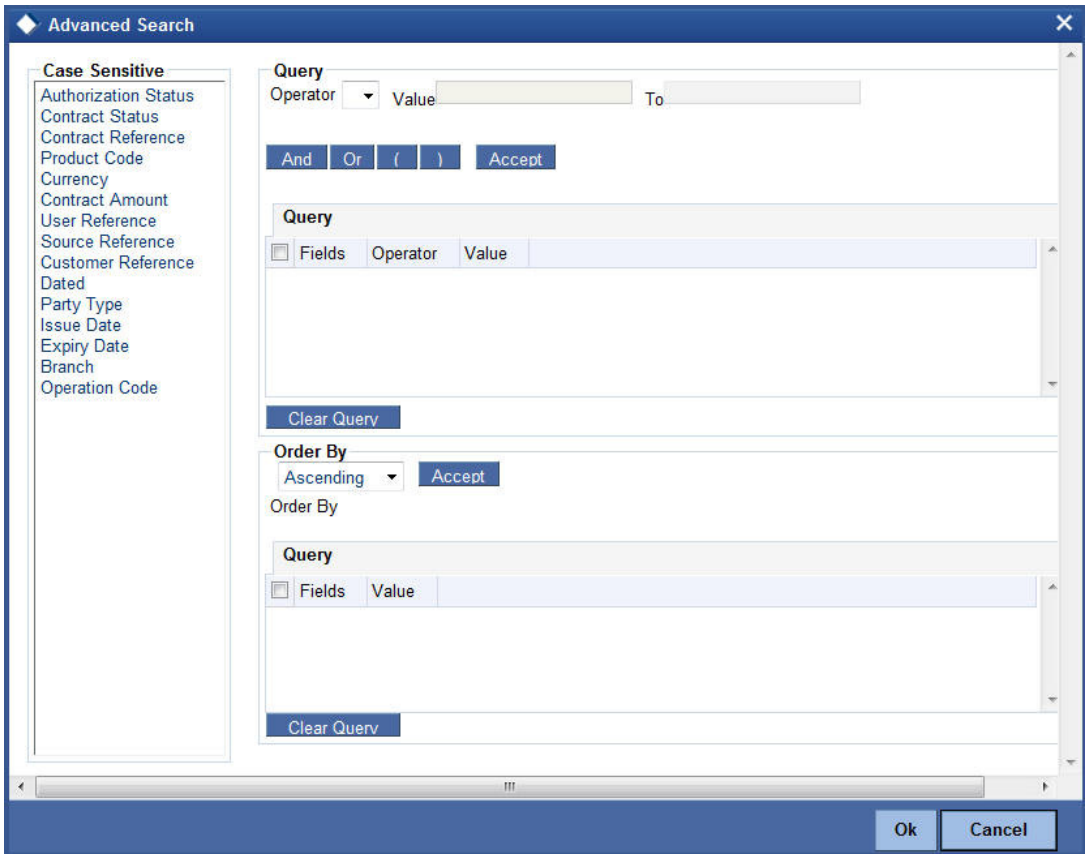
Select status of the operation code from the adjoining option list.

When you click ‘Search’ button the records matching the specified search criteria are displayed. For each record fetched by the system based on your query criteria, the following details are displayed:

- Authorized
- Contract Status
- Contract Reference

- Product Code
- Currency
- Contract Amount
- User Reference
- Source Reference
- Date
- Party Type
- Issue Date
- Expiry Date
- Branch

Click ‘Advanced Search’ to display the screen below:



You can query a contract based on any of the following details:

- Authorized
- Contract Status
- Contract Reference
- Product Code
- Currency
- Contract Amount
- User Reference
- Source Reference
- Customer Reference
- Date

- Party Type
- Issue Date
- Expiry date
- Branch

5.7 Multilevel Authorization of a Contract

High value transactions may require multilevel of authorization. The levels of authorizations are defined in the 'Product Transaction Limits' screen. You can use the 'Multilevel Authorization Detailed' screen for authoring a contract n-1 times. However, final authorization can take place only in the contract screen.

For more details, refer the 'Multilevel Authorization of Contract/Loan Account' section in the 'Procedures' User Manual.

5.8 Cancelling LC

You may have to cancel an LC that has been opened, before its Expiry Date. An example for a cancellation is when the trade deal for which the LC is opened falls through. A cancelled LC will not be available for any availment. However, you can cancel an LC that has been availed partially.

A Pre-advice Import LC contract can also be cancelled like any other LC contract.

In Oracle FLEXCUBE, the following are the prerequisites for cancellation:

- The LC has not yet reached its expiry date
- The cancellation event - CANC, has been defined

The accounting entries for this event are generally the reversal of the accounting entries passed for liability and collateral, when the LC was opened. In addition, a charge can be levied for canceling the LC. A cancellation advice informing, the advising bank or beneficiary, about the cancellation may be generated.

5.8.1 Procedure for Canceling LC

From the Contract Detailed View:

- Click cancel icon in the Toolbar

You will be prompted to confirm the cancellation.

5.8.2 Generating Cancellation Advice in SWIFT Format

For generating LC cancellation advice in SWIFT MT799 format, you need to maintain the template for cancellation advice using 'SWIFT FFT Template' screen. The template ID needs to be the same as the message ID.

Additionally, you need to set the default media as 'SWIFT' at the customer level and customer address levels. The advice format also needs to be set to SWIFT. Further, you need to attach the advice to PCLS event at the product maintenance level.

If the above settings are done, the system will generate the cancellation advice in MT799 format during manual partial as well as auto partial closures of an LC.

5.9 Closing an LC

Normally, an LC that is opened will be negotiated within its expiry date. If the negotiation does not happen even after the expiry date, you can close the LC.

By closing an LC, you will be reversing the liability entries passed for the LC. This ensures that the credit limit that was taken by the LC is released and is available for future utilization.

A similar process is followed to cancel a Pre-advice Import LC.

5.9.1 Procedure for Closing an LC

In Oracle FLEXCUBE, you can close an LC under the following circumstances:

- The event 'CLOS' is defined for the LC
- The LC is beyond its Expiry Date

The accounting entries defined for this event is generally the reversal of the outstanding liability. No availment can be made against an LC that is closed. You should reopen a closed LC if you have to make an availment against it. This would be required in a situation when the LC comes in for negotiation after it has been closed. The reopening of the LC will put back the outstanding liability and availability for the LC.

5.9.1.1 Closing an LC Automatically

In the LC Contract Main screen, you can specify the following dates related to the closure of an LC:

- Whether auto closure is allowed
- The date on which the LC should be automatically closed

To recall, the date of automatic closure is based on the 'Closure Days' maintained for the product involved in the LC. However, you can change the closure date, to any date, after the expiry date of the LC.

An LC that is defined for automatic closure will be closed during the End of Day processes on the closure date.

5.9.1.2 Closing LC Manually

An LC that is not defined for automatic closure can be closed any time after its Expiry Date.

Click 'Close' icon, when the details of the LC are displayed in the Detailed View screen.

Oracle FLEXCUBE displays a message prompting you to confirm the closure. The closure of an LC should be authorized by a user, bearing a different User ID, before the End of Day operations begin.

5.10 Reopening LC

To avail against a closed LC, you have to reopen it. This occurs when the LC comes in for negotiation after it has been closed. The reopening of the LC will put back the outstanding liability and availability for the LC.

To reopen a closed LC, you should have defined the event 'ROPN' for the product under which the LC is processed. For this event, you should have ideally defined the same entries

for the LC outstanding amount and the liability, as you would for the opening (issue or advice) of an LC. You can levy a charge for reopening an LC.

5.10.1 Procedure for Reopening LC

Click ‘Reopen’ icon when the details of the LC are being displayed in the Detailed View screen.

Oracle FLEXCUBE will prompt you to confirm the reopening of the LC.

When you reopen a letter of credit, the system automatically levies a charge based on a given tariff. The system uses the amount tag ‘OLD_OS_AMT’ for the charge. This charge is calculated for a period between the last expiry date and the new expiry date defined while reopening the LC.

At times, the customer may request to reopen an expired LC with an increment in the LC amount. In such cases, the system considers the new LC amount as the basis amount for computation of the commission. Based on the LC product preferences, this commission can be collected in advance or arrears. This commission is applied during ROPN event.

You can modify the following details while reopening an LC:

- LC Amount
- Expiry Date
- Shipment Details
- Details under Party Limits Tab
- Cash Collateral Details

However, you cannot modify the other details of the LC.

Once you have made the required modifications, save the contract. The system posts contingent entries defined for ROPN event with the modified LC amount. The system also tracks the limits for the LC.

When the LC amount is increased, there may be a corresponding increment against the respective parties in the New Limits tab. However, you need to manually handle such changes.

Reopening of an LC needs to be authorized by a different user having sufficient user rights.

Reopening Import LC

On authorization of reopening of an import LC, the system generates MT707. If a reimbursement bank is also involved in the import LC, MT747 is generated.

Reopening Export LC

When an export LC is closed, the system receives MT707 as a request for amendment. This message is moved to the repair queue. In such cases, you need to manually reopen and amend the LC. If a reimbursement bank is involved, the system receives MT747. Reopening and amendment need to be handled manually.

If the parent LC of a transferred export LC is closed, you need to reopen the parent LC first. If you directly try to reopen the transferred export LC, the system displays an error message. This is applicable to reopening of back-to-back LCs as well.

Reopening Letter of Guarantee

In case of a letter of guarantee, the system generates MT767 on authorization of reopening.

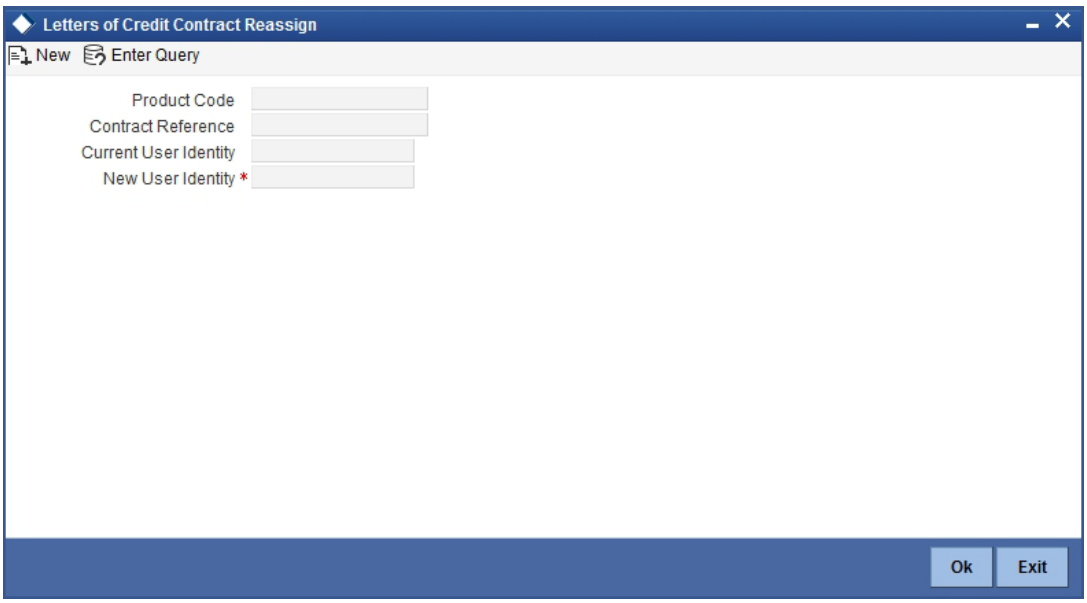
Note

You can reopen the closed LCs only. In case PCLS event has been triggered, you need to manually close the LC before reopening.

5.11 Reassigning a Contract to another User

A contract can be deleted only by the user who entered it. If a contract has to be deleted and the user who input the same is not available to do it, you can reassign the contract to another user so that the other user can delete it. Typically, this situation may arise during EOD operations, when a contract that is not authorized has to be deleted and the user who input it has left office for the day.

You can invoke the 'Letters of Credit Contract Reassign' screen by typing 'LCDTREAS' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



To reassign a contract to another user, the following steps are required:

Product Code

Indicate the product associated with the bill. You can select a product code from the option list, which contains a list of the authorized products that you have created.

Contract Reference Number

Indicate the contract reference number of the bill you wish to reassign, to another user. You can select a reference number from the option list, which contains a list of all the active bills.

Current User ID

The current user ID is displayed.

New User ID

Select the User ID of the user to whom you are assigning the contract.

Note

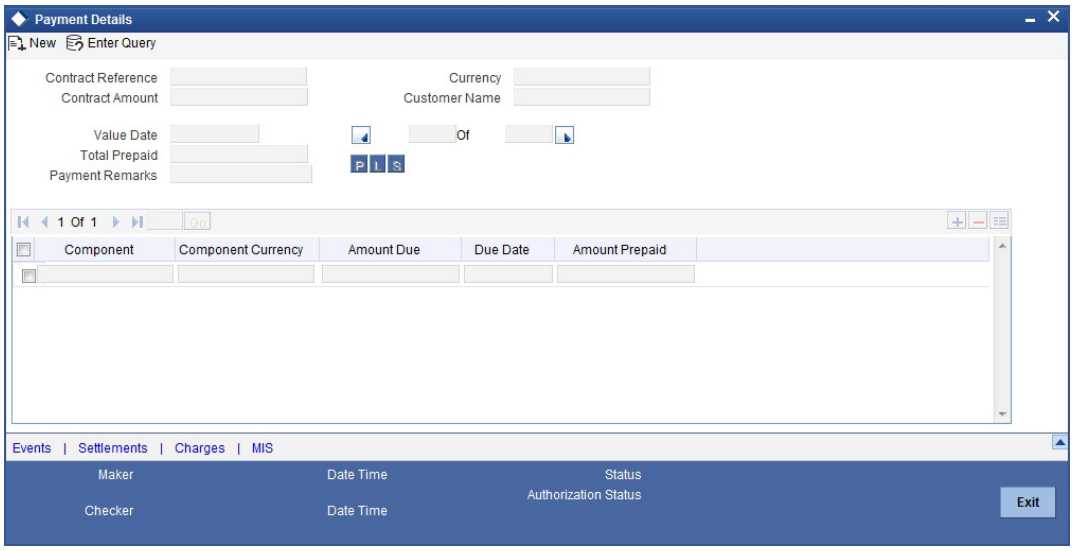
This user to whom you reassign a contract should have access rights to enter bill contracts.

Your User ID will be defaulted from the login screen. Click save icon to save the specifications you have made. Click ‘Exit’ or ‘Cancel’ button if you do not want to save the details that you entered.

5.12 Liquidating Components

You can prepay the commission or liquidate the overdue components i.e. Normal and Penal components partially or fully through the ‘Payment Input’ screen.

You can invoke the ‘Letters of Credit Payment Input’ screen by typing ‘LCDTRPAY’ in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Specify the following in this screen:

Contract Reference

Specify the contract you want to liquidate. You can also select the contract from the adjoining option list. The list displays all the active contracts with bill amount ‘zero’

Click ‘P’ button to display the outstanding amount. This screen also displays all the overdue interest and penalty interest on Principal.

On clicking ‘L’ button, the system will allocate the payment amount towards each component. On clicking ‘S’ button, the system displays the total amount paid and this total amount will be displayed in the ‘Total Paid’ field.

Note

You can choose to liquidate the overdue components only if the interest component is specified as Arrears.

In case the components are liquidated, the screen amends the status of the contract as liquidated. You can also reverse the interest component that is liquidated.

On saving the transaction after entering all the required details in the system, the system validates the value of the contract amount against the following:

- Product transaction limit
- User Input limit

If the transaction currency and the limit currency are different, then the system converts the amount financed to limit currency and checks if the same is in excess of the product transaction limit and user input limit. If this holds true, the system indicates the same with below override/error messages:

- Number of levels required for authorizing the transaction
- Transaction amount is in excess of the input limit of the user

5.12.1 Authorizing a Contract

A contract that you have entered should be authorized before the EOD is run. You can authorize a payment by clicking the 'Authorize' icon on the Application toolbar.

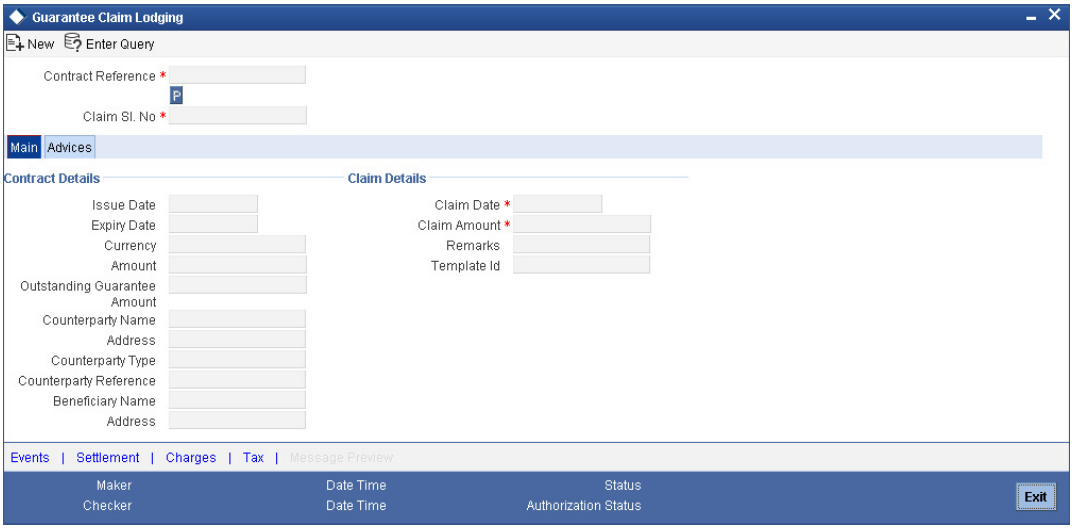
Note

You cannot authorize a contract from the 'Letters of Credit Payment Input' screen in the following cases:

- The contract has multilevel of authorization pending, the same will be done using the 'Multilevel Authorization Detailed' screen
- The level of authorization is greater than or equal to 'N'
- The 'Nth' or the final level of the users authorization limit is less than the difference between amount financed and sum of the limits of all the users involved in authorizing a transaction, this case holds good when the 'Cumulative' field is checked in the 'Product Transaction Limits Maintenance' screen
- The transaction amount is greater than the authorizer's authorization limit if the 'Cumulative' field is unchecked in the 'Product Transaction Limits Maintenance' screen

5.13 Lodging Guarantee Claim

You can lodge claim on guarantee contract through 'Guarantee Claim Lodging' screen. You can invoke this screen by typing 'LCDGCLM' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.



You can specify the following here:

Contract Reference

Select the guarantee contract reference number from the adjoining option list.

Claim Sl. No

The system displays the claim serial number.

5.13.1 Specifying Main Details

The system displays the following contract details:

- Issue Date - Date on which the guarantee is issued
- Expiry Date - Date of expiry of the guarantee
- Currency - Currency of the guarantee
- Amount - Amount of the guarantee
- Outstanding Guarantee Amount - Outstanding amount of the guarantee
- Counterparty Name - Name of the counterparty
- Address - Address of the counterparty
- Counterparty Type - Party type of the counterparty
- Counterparty Reference - Reference Number of the counterparty.
- Beneficiary Name - Name of the beneficiary.
- Address - Address of the beneficiary

Claim Details

Claim Date

Specify the date on which claim is received by the bank.

The claim date should not be greater than the expiry date and the current business date of the system.

Note

If multiple claims are lodged against a contract and the claim date is same for all claims, then the system displays an override message.

Claim Amount

Specify the amount of the claim.

The claim amount should not be greater than the guarantee amount and the outstanding guarantee amount.

Remarks

Specify remarks, if any.

Template Id

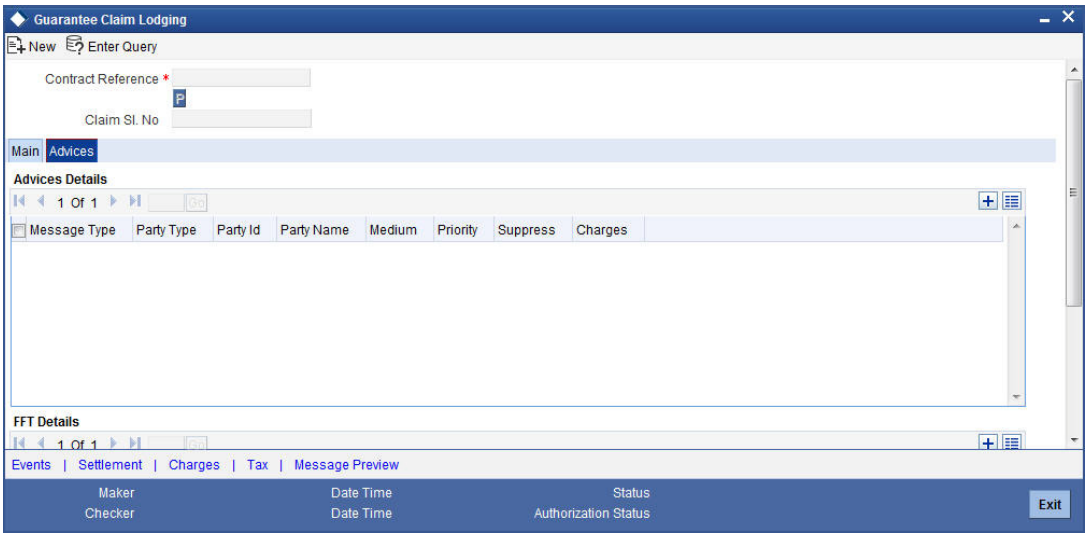
Select the template ID from the adjoining option list.Template ID is applicable only when the party type is applicant bank or issuing bank.

Note

The claim message is generated only if the template is selected.

5.13.2 Specifying Advise Details

Click on the 'Advices' tab to capture the advise details.



Advise Details

Message Type

The system displays the message type of the advice generated.

Party Type

The system displays the party type for which the message is generated.

Party Id

The system displays the party ID for which the message is generated.

Party Name

The system displays the name of the party for which the advice is generated.

Medium

Select the medium through which the message has to be sent from the adjoining option list.

Priority

Select the priority of sending message from the adjoining drop-down list.

Suppress

Check this box to suppress the message.

Charges

The system displays the charges configured.

FFT Details

Free Format Text Code

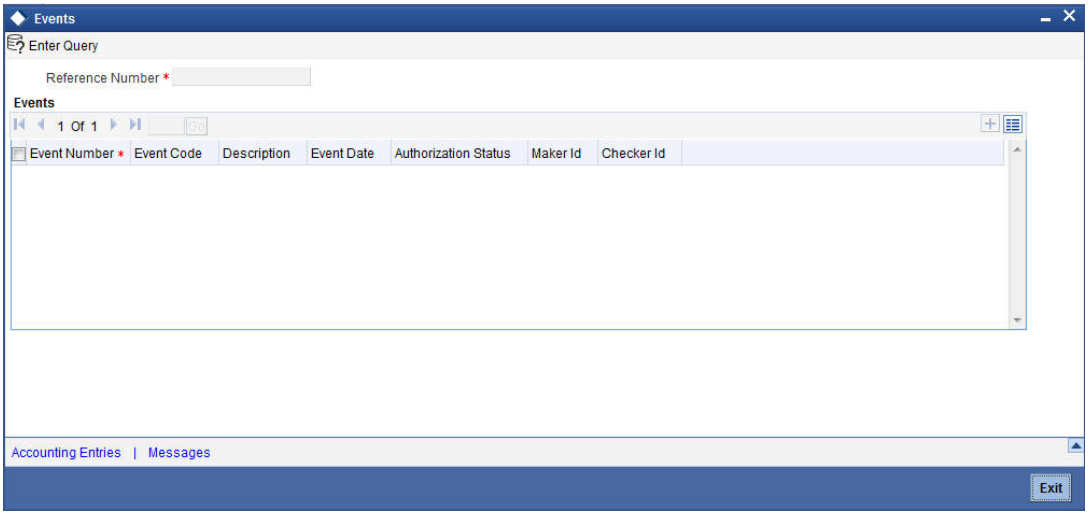
Select the free format text code from the adjoining option list.

Text

The system displays a brief description on free format text.

5.13.2.1 Event Details

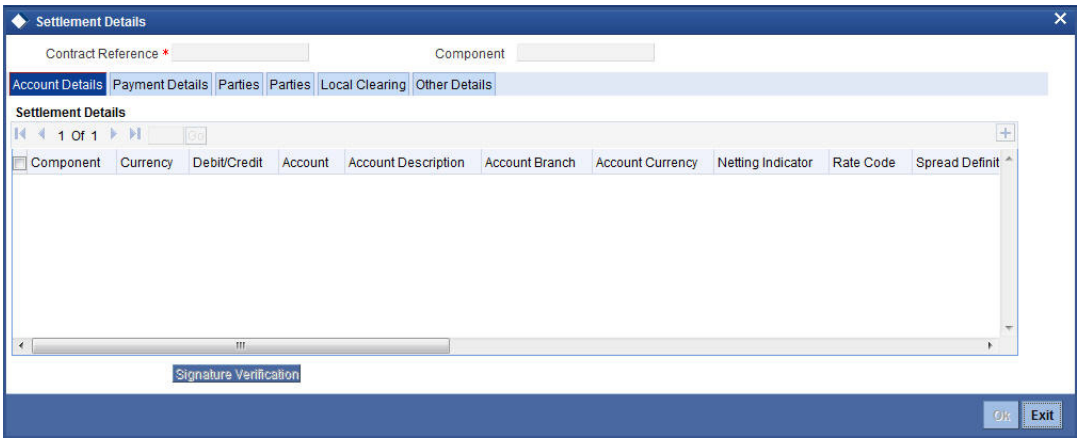
Click on ‘Event’ link of the ‘Guarantee Claim Lodging’ screen to view the event details.



The system displays the events, accounting entries and advices here.

5.13.2.2 Settlement Details

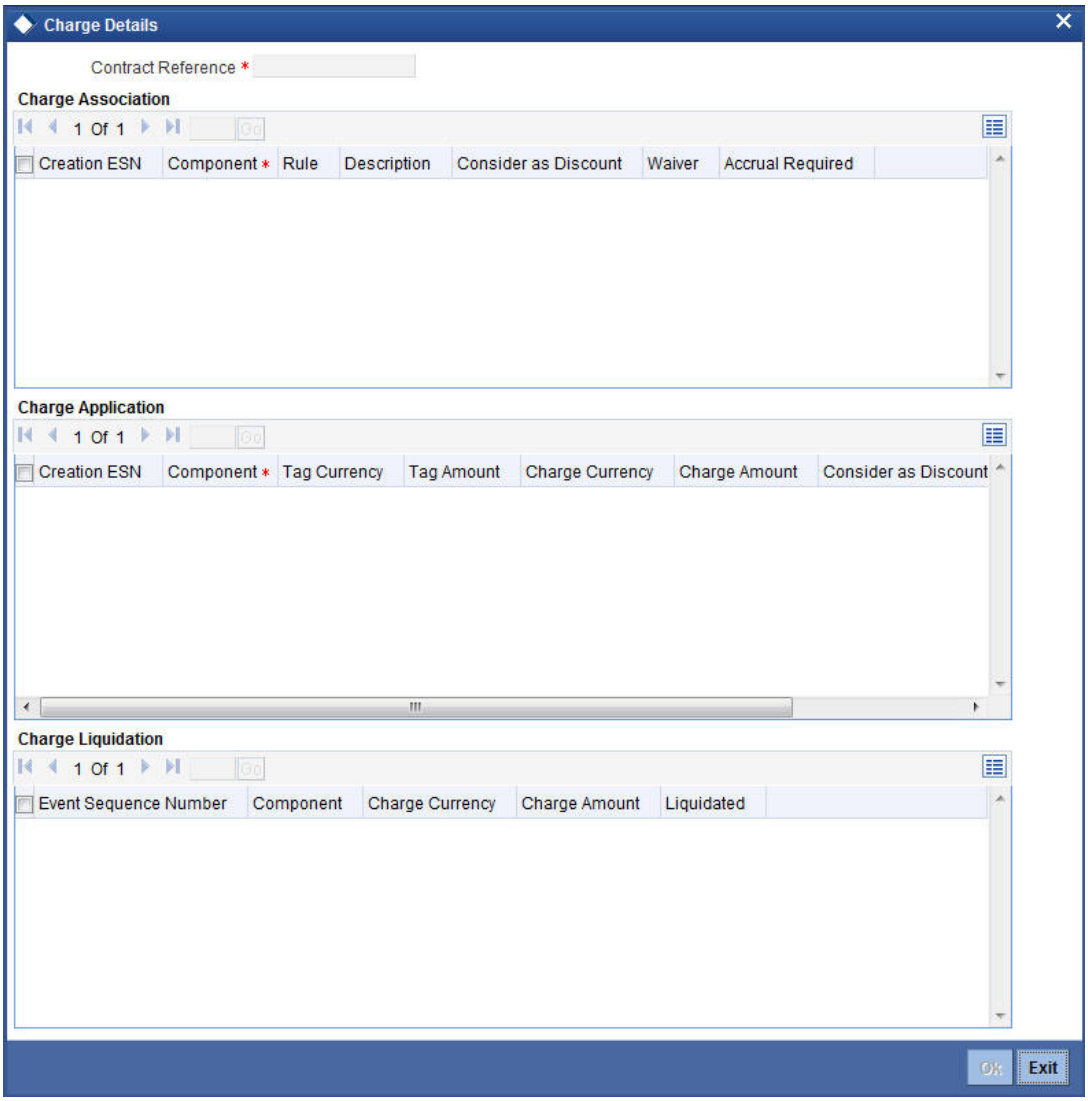
Click on ‘Settlement’ link of the ‘Guarantee Claim Lodging’ screen to view the settlement details.



The system displays the settlement information for charges here.

5.13.2.3 Charges Details

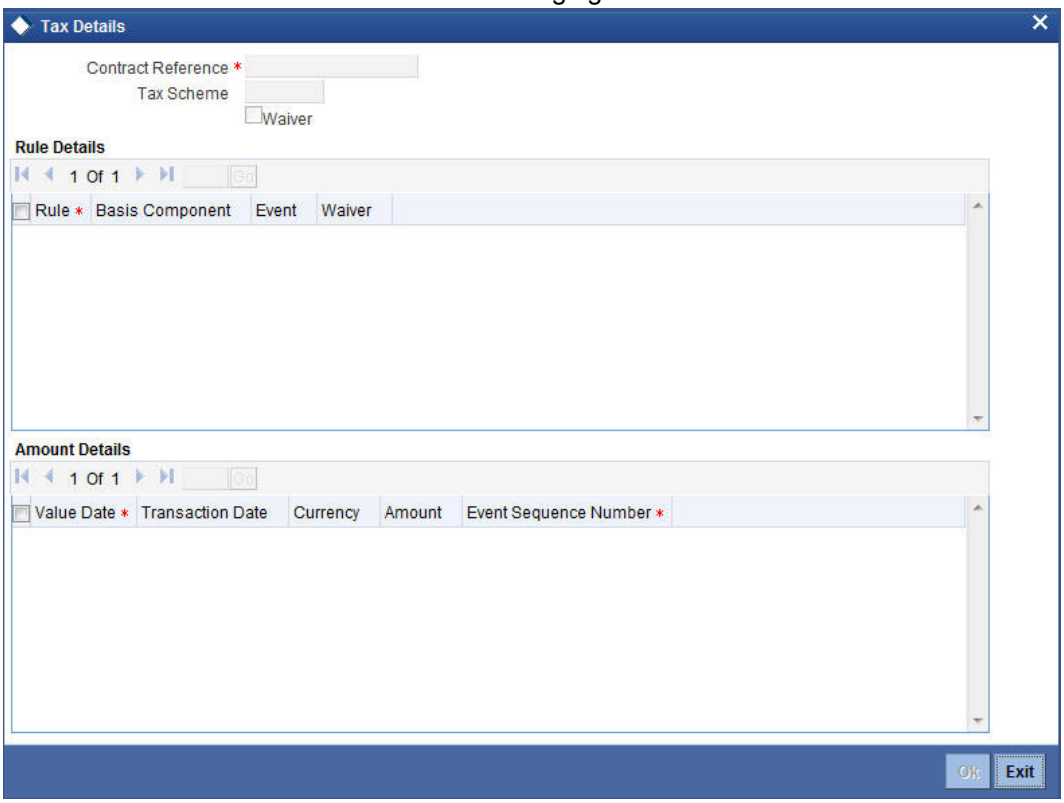
Click on ‘Charges’ link of the ‘Guarantee Claim Lodging’ screen to view the charge details.



The system displays the charges configured for the event at product definition here.

5.13.2.4 Tax Details

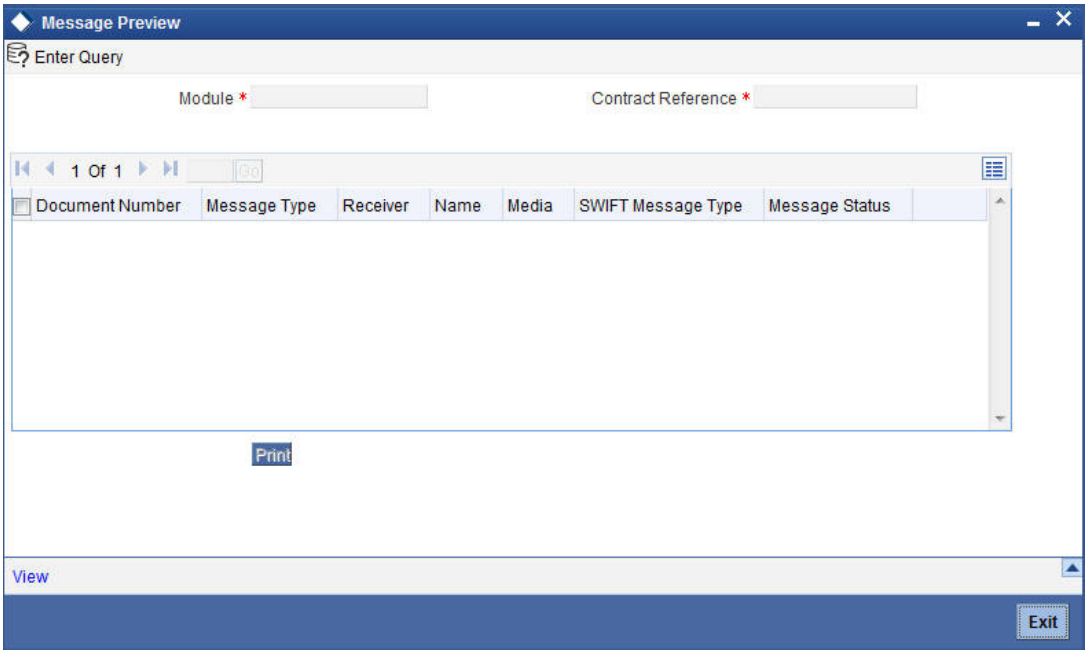
Click on ‘Tax’ link of the ‘Guarantee Claim Lodging’ screen to view the tax details.



The system displays the details of the tax configured in the screen.

5.13.2.5 Previewing Message Details

Click on ‘Preview Message’ link of the ‘Guarantee Claim Lodging’ screen to view the message details.

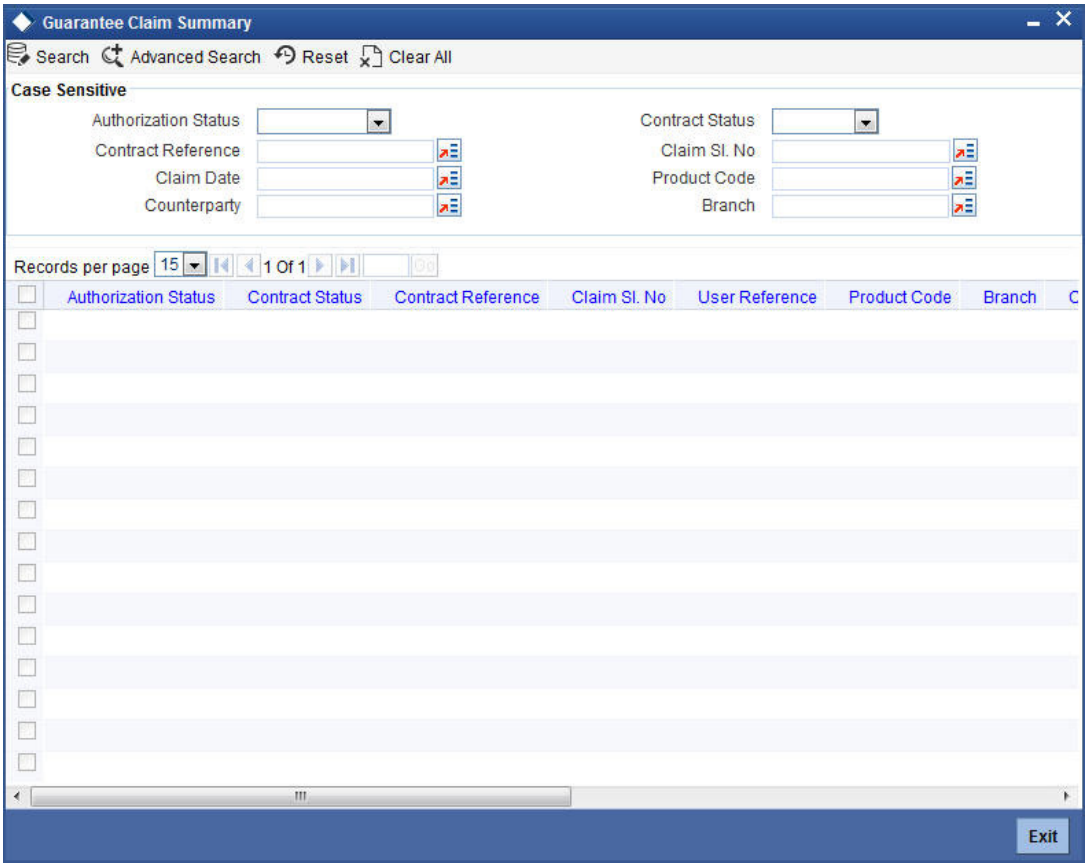


You can view the message or advice generated in the screen.

For more details on this screen, refer Capturing Additional Details chapter in this user manual.

5.14 Viewing Guarantee Claim Details

You can view the guarantee claim details maintained in the 'Guarantee Claim Lodging' screen using the 'Guarantee Claim Summary' screen. You can invoke this screen by typing 'LCSGCLM' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



In the above screen, you can base your queries on any or all of the following parameters and fetch records:

- Authorization Status
- Contract Reference
- Claim Date
- Counterparty
- Contract Status
- Claim Sl. No
- Product Code
- Branch

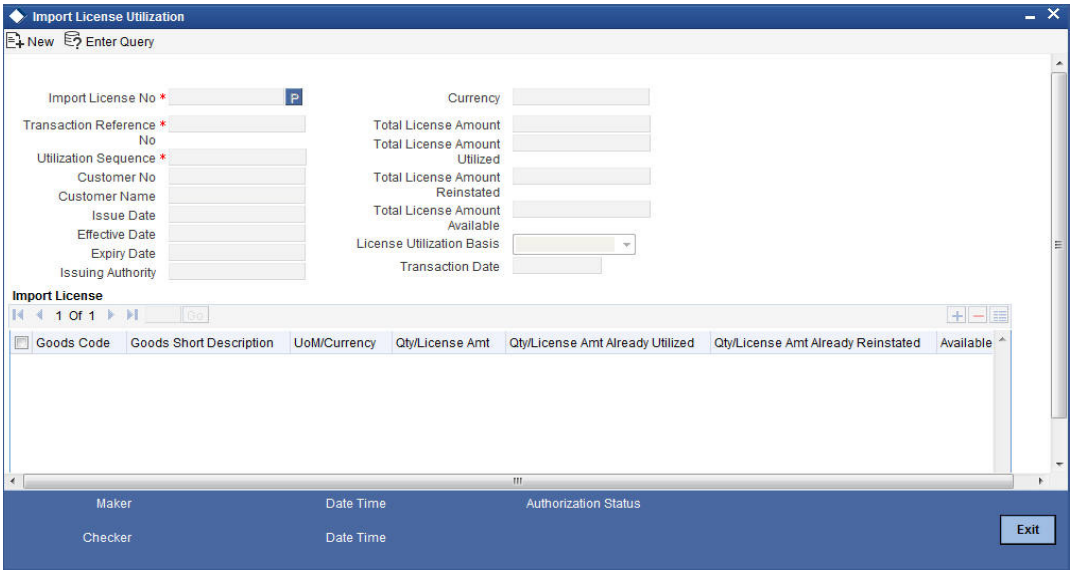
Select any or all of the above parameters for a query and click 'Search' button. The system displays the following records meeting the selected criteria:

- Authorization Status
- Contract Status

- Contract Reference
- Claim Sl. No
- User Reference
- Product Code
- Branch
- Counterparty
- Beneficiary
- Currency
- Contract Amount
- Issue Date
- Expiry Date
- Claim Date
- Claim Amount

5.15 Specifying Import License Utilization

The transactions for licensed import goods can be executed from different banks. You can record the portion of import license utilized by other banks through 'Import License Utilization' screen. You can also reinstate the quantity or license amount marked as utilized for the physical import of goods.You can invoke this screen by typing 'LCDILUTL' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Specify the following here:

Import License No

Select the import license number for which utilization or reinstatement should be performed from the adjoining option list.

Transaction Reference No

The system displays the transaction reference number.

Utilization Sequence

The system displays the utilization sequence number.

Customer No

The system displays the customer id captured for the import license.

Customer Name

The system displays the name of the customer id.

Issue Date

The system displays the issue date recorded for the import license.

Effective Date

The system displays the effective date.

Expiry Date

The system displays the expiry date here.

Issuing Authority

The system displays the issuing authority of import license.

Currency

The system displays the currency of the sum total of the license amount.

Total License Amount

The system displays the total license amount.

Total License Amount Utilized

The system displays the sum total of licensed amount utilized for all goods code.

Total License Amount Reinstated

The system displays the sum total of license amount reinstated for all goods code.

Total License Amount Available

The system displays the sum total of available license amount of all goods.

License Utilization Basis

The system displays the utilization basis captured.

Transaction Reference No

The system displays unique transaction number for each utilization.

Transaction Date

The system defaults the current date.

Import License

You can capture multiple goods code, quantity or amount details here.

Goods Code

The system displays the goods code.

Goods Short Description

The system displays the short description captured for the goods code.

UoM/Currency

The system displays the unit of measurement or currency captured for the goods code of import license.

If the basis is ‘Quantity’, then the system displays UoM maintained for the goods code.

If the basis is ‘Amount’, then the system displays the currency maintained for the import license.

Qty/License Amt

The system displays the Quantity or License Amount captured for the goods code of import license.

Qty/License Amt Already Utilized

The system displays the sum total of Quantity or License Amount already utilized for the goods code.

Qty/License Amt Already Reinstated

The system displays the sum total of Quantity or License Amount already reinstated for the goods code.

Available Qty/ License Amt

The system displays either the Available Quantity or Available License Amount for the goods code.

Qty/License Amount Utilized

Specify the quantity or the license amount utilized.

If the license utilization basis is ‘Quantity’, then the system updates license amount utilized as (Quantity Utilized * Rate / Unit).

Qty/License Amount Reinstated

Specify the quantity or the license amount reinstated.

If utilization in Qty/License Amount is maintained for a goods code of an import license using Import License Utilization, then the system allows reinstatement of the same.

The value specified for Qty / License Amt Reinstated should be less than or equal to sum total of (Qty/License Amt Already Utilized - Qty/License Amt Already Reinstated) through ‘Import License Utilization’ screen.

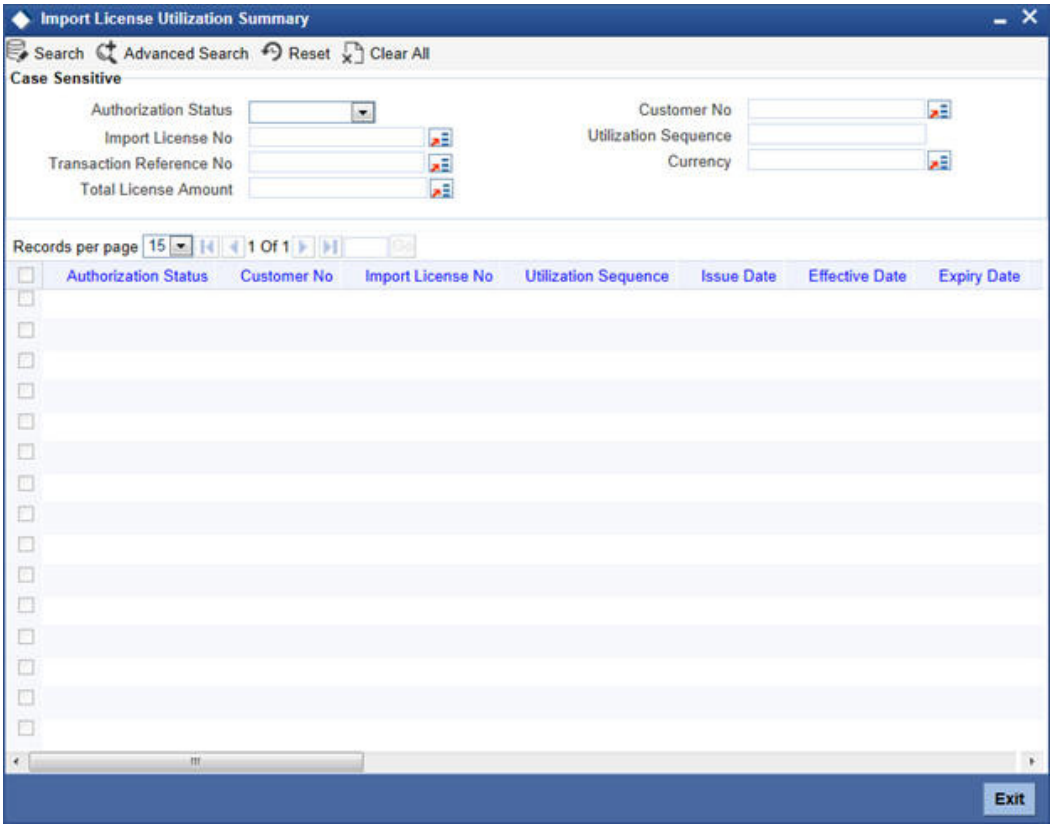
Reinstatement is displayed on authorization of transaction. You can specify either Qty / License Amt Utilized or Qty/License Amt Reinstated for a goods code.

Internal Remarks

Specify remarks if any.

5.16 Viewing Import License Utilization Details

You can view the import license utilization details in Import License Utilization Summary Screen. You can invoke this screen by typing 'LCSILUTL' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



In the above screen, you can base your queries on any or all of the following parameters and fetch records:

- Authorization Status
- Customer No
- Import License No
- Utilization Sequence
- Transaction Reference Number
- Currency
- Total License Amount

Select any or all of the above parameters for a query and click 'Search' button. The records meeting the selected criteria are displayed.

If you are allowed to query import license utilization details, then system displays the following details pertaining to the fetched records:

- Authorization Status
- Customer Number
- Import License No.
- Utilization Sequence
- Issue Date
- Effective Date

- Expiry Date
- License Utilization Basis
- Utilization Branch
- Transaction Reference No.
- Currency
- Total License Amount
- Utilization Date
- Reinstatement Date
- Event Code
- Total License Amount Available
- Total License Amount Utilized
- Total License Amount Reinstated

5.16.1 Operations on Import License Utilization

On an Import License record, you can perform of the following operations (if any icon is disabled in the application toolbar, it means that the function is not allowed for the record):

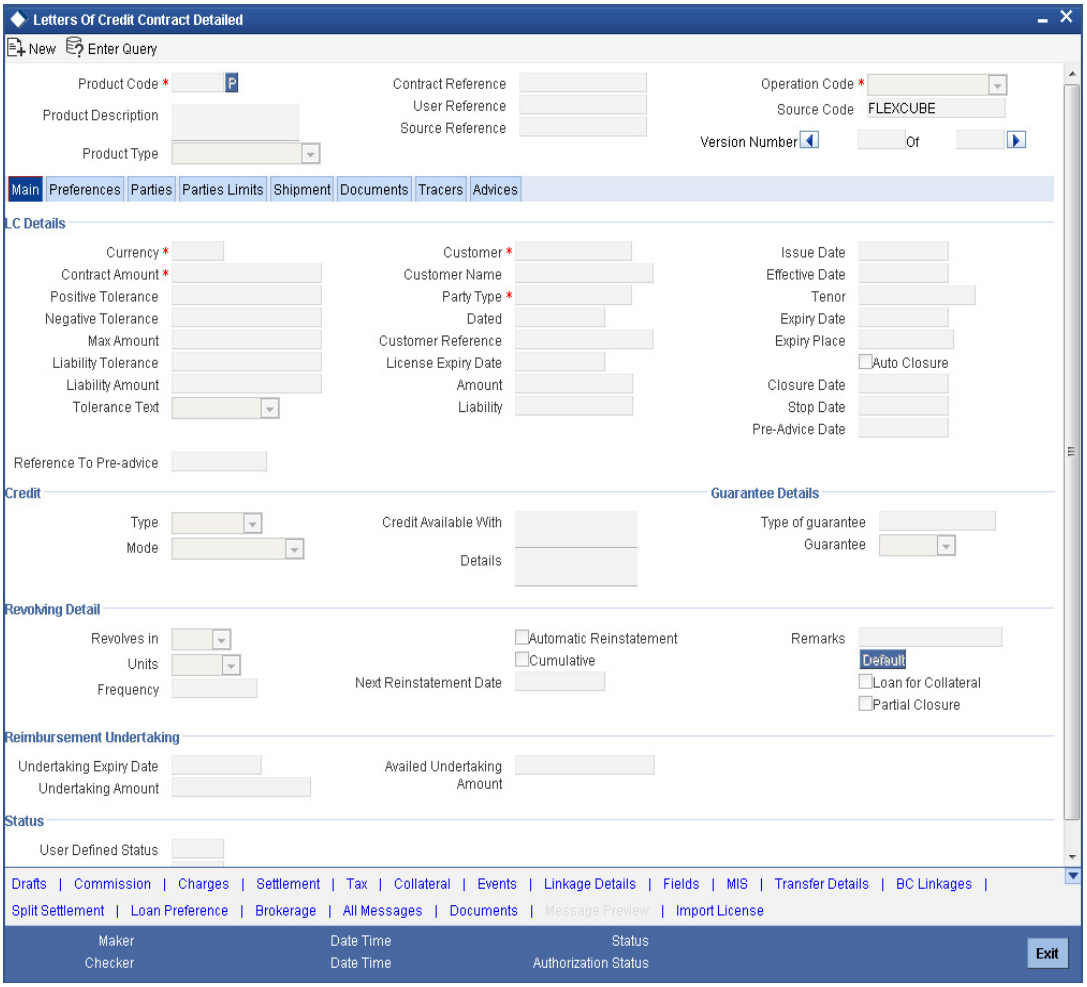
- Amend the details of a record
- Authorize a record
- Copy the details of a commodity, on to a new record
- Close a record
- Print the details of a record
- Delete a record

Please refer to the manual on Common Procedures for details of these operations.

6. Capturing Additional Details

6.1 Introduction

The buttons on the contract screen enable you to invoke a number of functions vital to the processing of an LC Contract.



These buttons have been briefly described below.

Buttons	Description
Drafts	Click this button to capture the details of draft drawn for the LC. You can specify the name of the insurance company that is covering the goods traded under the LC.
Commis-sion	On invoking this button Commission details of the contract is dis-played

Charges	This button invokes the Charges, Commissions and Fees (ICCF) service. On invoking this function you will be presented with a screen where the ICCF rate, amount, currency and the waive charge parameter can be specified. The Processing Charges and Fees manual, details the procedure for maintaining charge rules. It also deals with the linking of a charge rules to a product and the application of the rule on an LC. The Processing Commissions manual, details the procedure for maintaining commission rules. It also deals with the linking of a commission rule to a product and the application of the rule on an LC.
Settlement	Click this button to invoke the Settlement screens. Based on the details that you enter in the settlement screens the LC will be settled. The details of these screens have been discussed in the Settlements manual.
Tax	This button invokes the Tax services. The Processing Tax manual details the procedure for maintaining tax rules and schemes. It also deals with the linking of a tax scheme to a product and the application of the scheme on an LC.
Collateral	In the screen that corresponds to this button, you can specify details of the cash that you collect as collateral form a customer for the LC that you process. The details of this screen are discussed under the head Specifying Collateral details for an LC.
Events	Click this button to view the details of the events and accounting entries that a contract involves.
Linkages	Clicking this button invokes the Contract Linkages screen. In this screen, you can link an LC to a deposit or account, and indicate the funds that you would like to block.
Fields	Click this button to specify values for the user defined fields (UDFs).
MIS	Click this button to define MIS details for the LC.
Transfer Details	If the LC is transferred to a new party, you can view the transaction details.
BC Linkages	Click this button to specify BC linkages
Split Settlement	Click this button to specify split settlement details
Loan Preference	Click this button to invoke the Loan Preference screen. You can maintain the details of the Loan here.
Brokerage	Use this button to capture the brokerage details for the LC contract and set your preferences for sharing the brokerage amount among multiple brokers.
All Messages	Click this button to view all messages associated to contract.

Message Preview	Click this button to view the messages or advices generated for the contract.
Import License	Click this button to capture import license details,

Enter valid inputs into all the mandatory fields in screens that can be invoked from the buttons or you will not be able to save the contract. After making the mandatory entries for the LC, save the contract by either clicking save icon in the toolbar.

A contract that you have entered should be authorized by a user bearing a different Login ID, before the EOD is run.

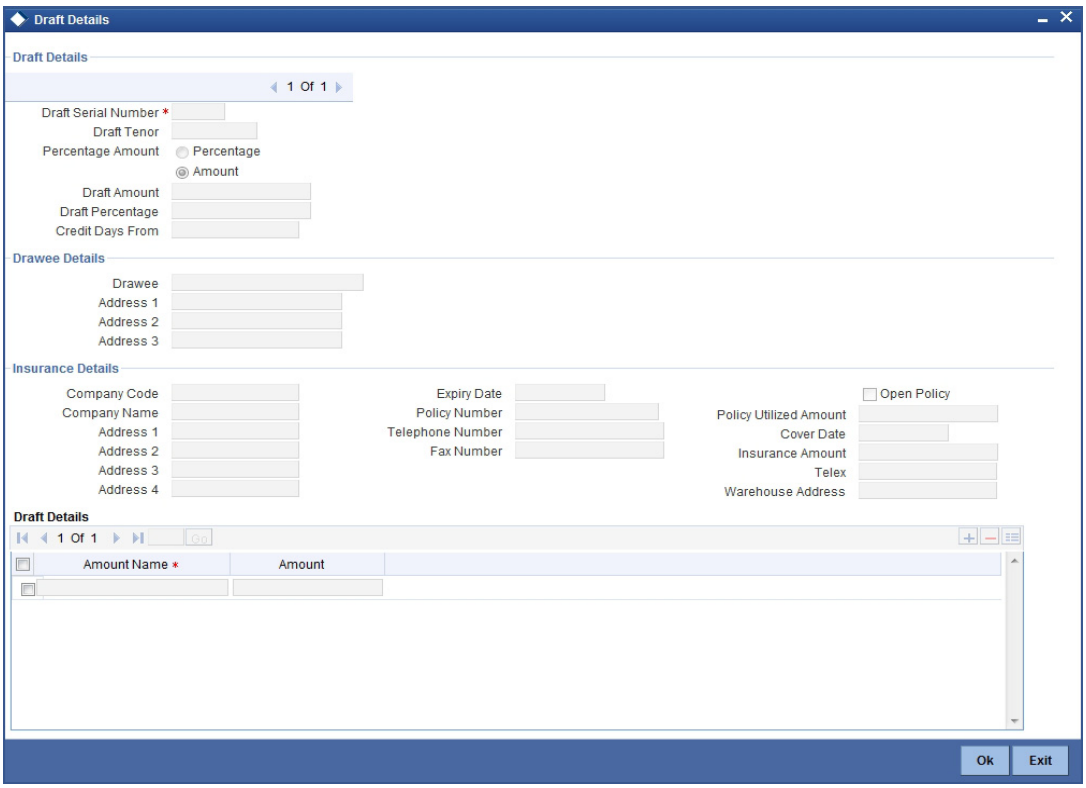
Note

You have the option to amend all the unauthorized entries made for an LC. However, after authorization, certain fields cannot be amended.

Click ‘Exit’ or ‘Cancel’ button to go back to the Application Browser.

6.2 Capturing Draft Details

You can capture the details of the draft that is drawn for the LC, in the Drafts screen. In addition, you can also specify the name of the insurance company that is covering the goods traded under the LC. Click ‘Drafts’ button in the LC Contract to invoke the screen:



You can capture the following details:

Draft Tenor

Specify the tenor of the draft.

If the LC Type of an LC product is selected as 'Sight', then:

- During LC contract creation, on save, system validates the value entered for Draft Tenor in Drafts sub-system as either 0 or null. If the validation fails, system displays an override message. This validation is also performed on save of LC amendment using LC contract online function.

If the LC Type of an LC product is selected as 'Usance', then:

- During LC contract creation, on save, the system validates whether the values entered for draft tenor in drafts sub-system is between minimum and maximum draft tenor values defined for the product. If the validation is not successful, the system displays a configurable override message. This validation is also performed on save of LC amendment using LC contract online function.
- If multiple drafts are captured for an LC contract, the system validates that the 'Draft Tenor' entered for each individual draft is within the minimum and maximum range defined for the product.If minimum and maximum draft tenor value is not defined for an LC product, then on save of an LC contract, the system will not perform this validation as the range is not defined at the product level.

If either 'Minimum Draft Tenor' or 'Maximum Draft Tenor' is defined for the LC product, then on save of both LC contract creation and amendment, the value defined for the 'Draft Tenor' of LC contract will be validated against the 'Minimum Draft Tenor' (if 'Minimum Draft Tenor' is defined) or will be validated against 'Maximum Draft Tenor' (if 'Maximum Draft Tenor' is defined). If the validation fails, the system displays an override message.

Amount/Percentage

Specify whether the draft is a percentage of the LC amount or a Flat amount.

Subsequently, specify the Amount or the Percentage (based on your selection).

Credit Days From

The Date from which the tenor of the draft begins.

6.2.1 Specifying Drawee Details

Specify the following details.

Drawee

Specify the party on whom the draft is drawn. You can select the drawee’s CIF from the adjoining list. This will contain a list of all the open and authorized CIF maintained in the Customer Directory. This information is captured from the BIC directory.

Address 1 to 4

Specify the address of the drawee.

6.2.2 Specifying Insurance Company Details

Specify the following details.

Company Name

Specify the Insurance Company to be associated with the LC.

Company Code

You can select the appropriate company code from the option list. The list will display all authorized and active company codes. If you have specified an open insurance policy in the ‘Insurance Policy Number’ field, the option list will display the company code associated with

the chosen insurance policy number. Upon selection of the company code, the following details will be automatically displayed by the system:

- Company Name
- Address of the company
- Telephone Number
- Fax Number
- Policy Utilized Amount
- Cover Date
- Insurance Amount
- Telex Address
- Warehouse Address

Open Policy

Check this option to link an open insurance policy to the LC.

Insurance Policy Number

Specify the insurance policy number here. The adjoining option list displays all insurance policy codes maintained in the system. If you check the option 'Open Policy' the option list will display the open insurance policies maintained in the system. You can select the appropriate one.

If you have checked the 'Open Policy' option and the policy number is specified here is invalid (i.e. not maintained in the 'Open Policy Maintenance' screen) or blank, the system will display an error message.

Expiry Date

Enter the expiry date of the Policy.

6.2.3 Specifying Breakup Details

The breakup details of the draft will be displayed here as follows:

- Amount Name
- Amount

The draft amounts for the different components (Insurance, Interest, Invoice, Freight)

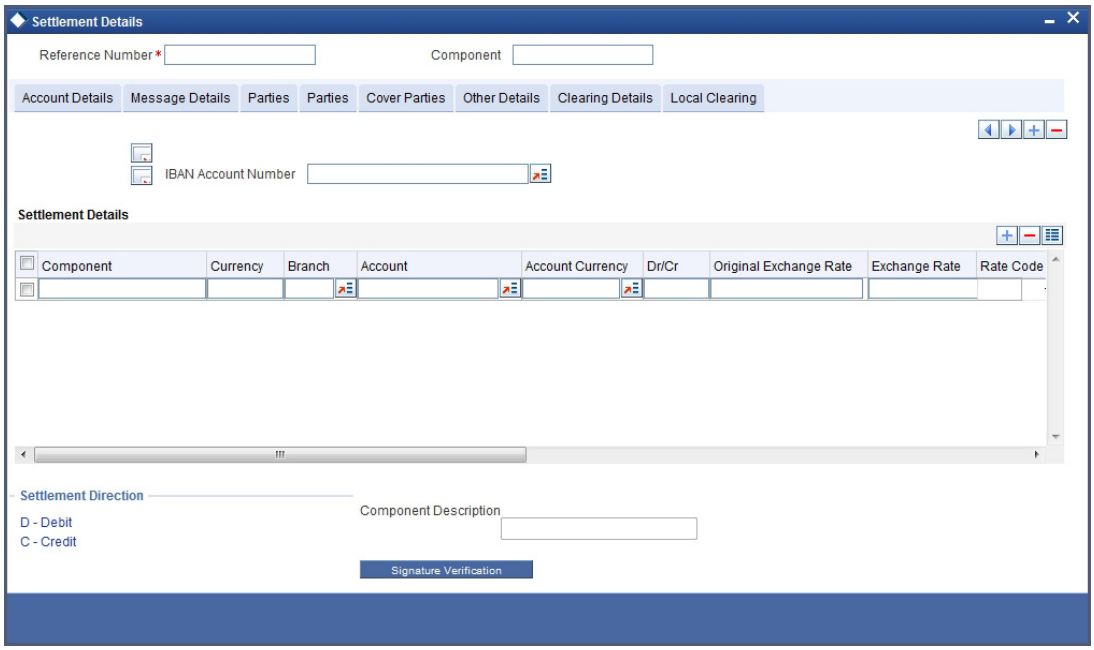
Note

You can also choose to associate an Insurance Company that is not maintained in the system. When you are specifying a company code that does not exist, the system will display an override (based on your requirement, you can configure the override to be a warning or an error message). On confirmation of the override, the company code will be automatically changed to 'XXXXXXXXX'. Subsequently, you can specify any company name to be associated with the contract. The system will not perform any validations. The remaining fields in the screen will be disabled in this case.

6.3 Specifying Settlement Instructions

Through the settlement screens, you should specify the customer accounts to which entries for the commissions, charges, taxes and collateral should be posted.

Click ‘Settlement’ button in the Contract Main screen, for a display of the Settlements screen.



Besides the account details, you can specify:

- The currency in which the component is expressed
- The payment account and its currency

Note

If you have specified an account that uses an account class that is restricted for the product, an override is sought.

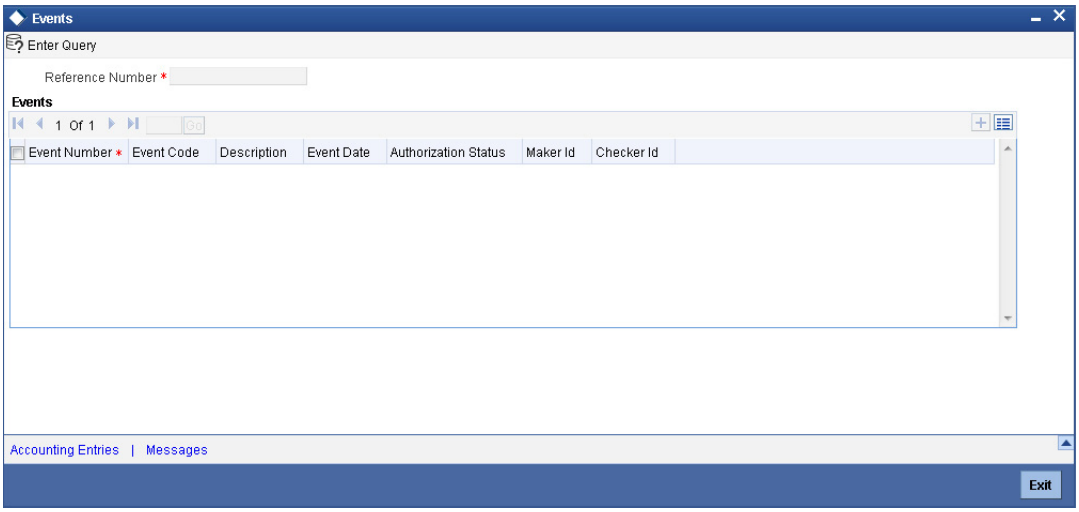
- The branch of your bank to which the account belongs
- The exchange rate (in the case of the component currency being different from the account currency)
- The ERI Currency
- The ERI Amount

Refer to the chapter titled ‘Making Availment’ in this user manual for details.

6.4 Viewing Event Details

The event details screen of contract processing will show the details of the accounting entries generated for an LC. Click ‘Events’ in the LC Contract Detailed View screen to go to the LC Contract View Events screen.

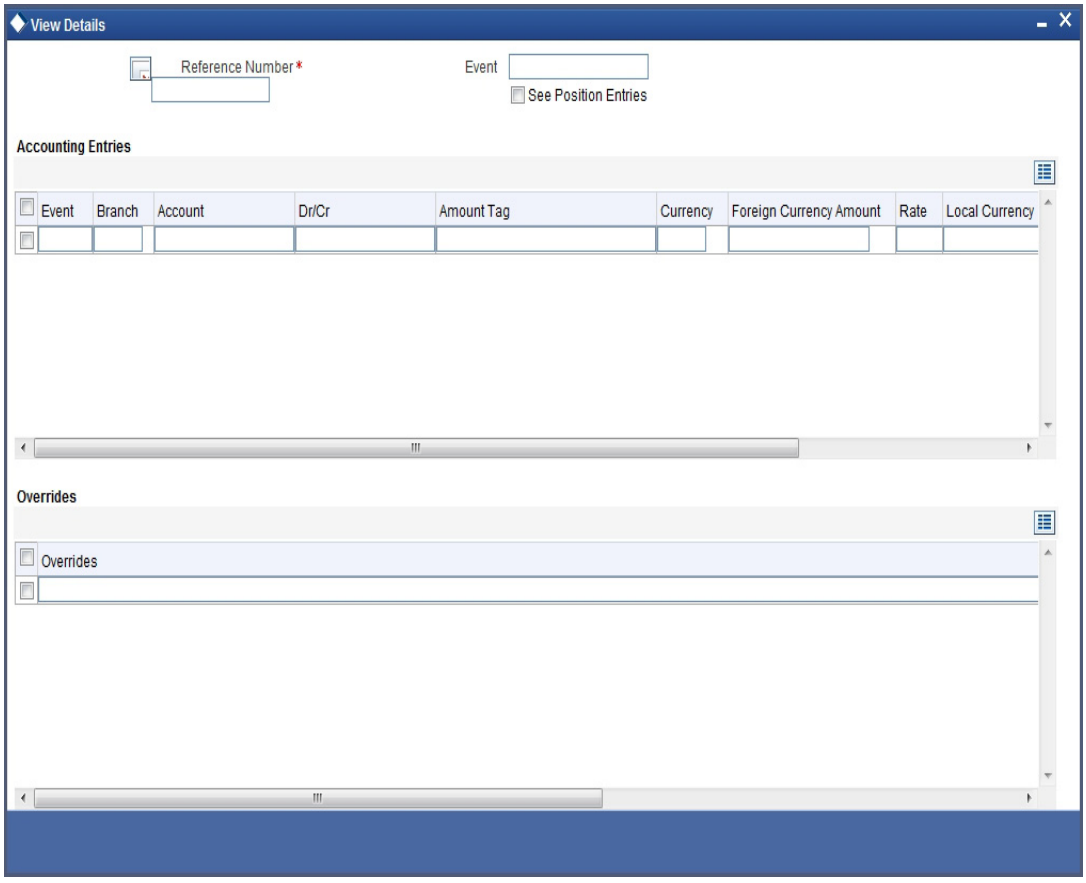
The details of events that have already taken place on the contract will be displayed, along with the date on which the event took place.



Click ‘Accounting Entries’ to view the accounting entries for the event that is highlighted. Click ‘Message’ to view the messages applicable to the event. Click on ‘Exit’ or ‘Cancel’ to go back to the LC Contract Detailed View screen.

6.4.1 Viewing the Accounting Entries Passed for the LC

From ‘LC Contract - View Events’ screen, click ‘Accounting Entries’ to view the Accounting Entries for the event. The accounting entries that are passed depend on the type of LC that you are processing.



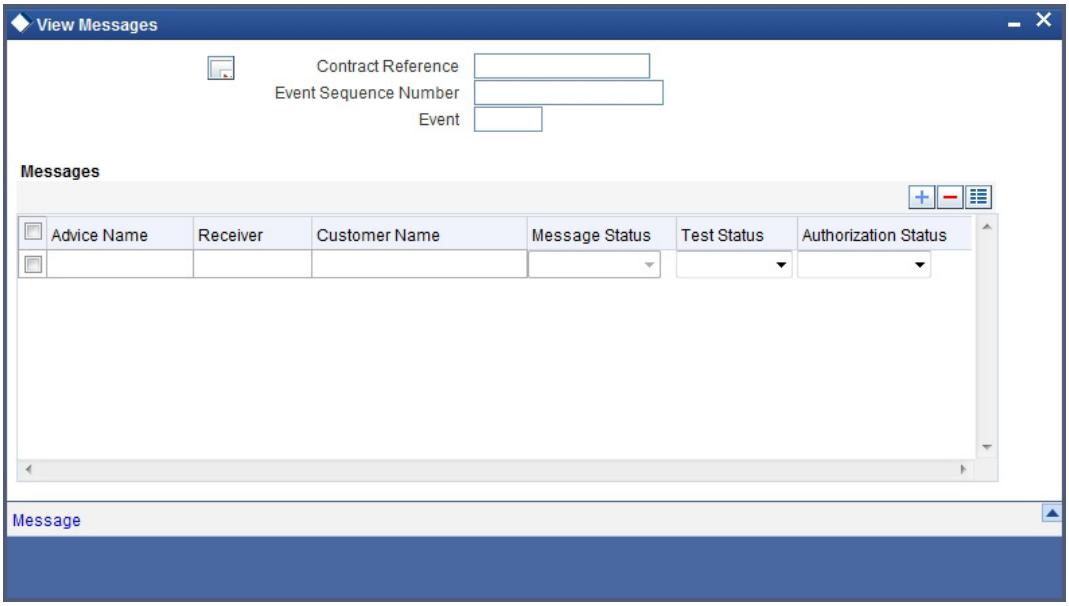
The following information is provided for each event:

- Branch
- Account
- Transaction Code
- Booking Date
- Value Date
- Dr/Cr indicator
- Currency
- CCY (Currency)
- Amount in contract CCY
- Amount in local currency
- All the overrides that were given for an event will also be displayed

Click ‘Exit’ or ‘Cancel’ to go back to the screen from where you invoked the Accounting Entries screen.

6.4.2 Viewing Advices Applicable to Contract

Click ‘Message’ from the View Events screen to view the list of advices applicable to a particular event in the lifecycle of the LC.



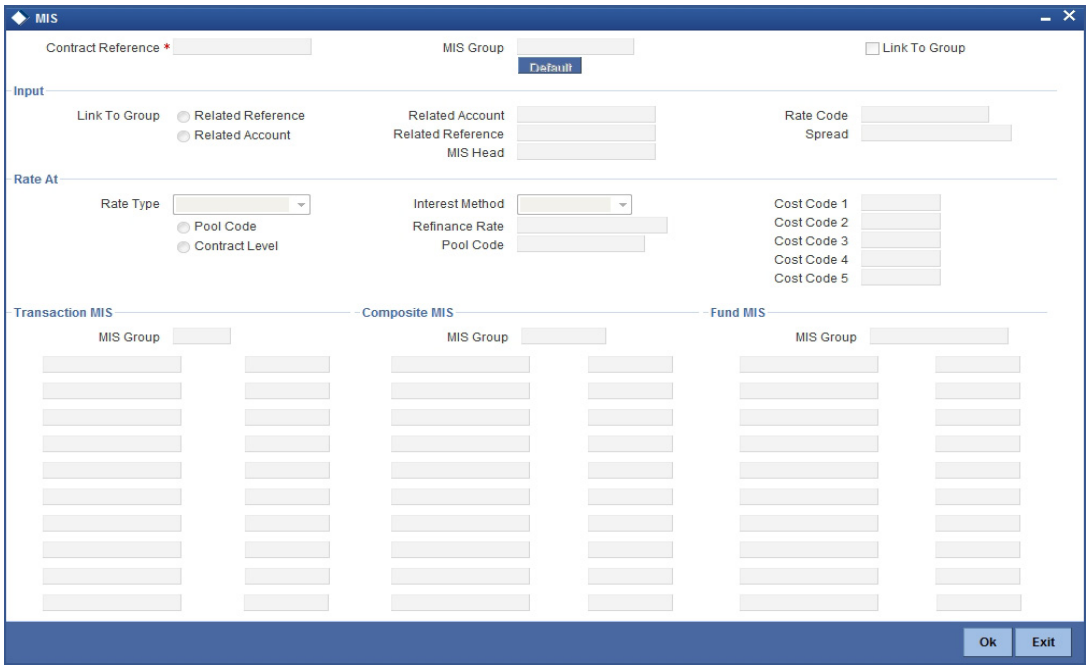
The following details of a message are displayed:

- The message type
- The Name and ID of the recipient of the message and
- The status of the message

To view the text of a message, highlight the message and click on the ‘Message’ button. Click ‘Exit’ or ‘Cancel’ to exit the screen.

6.5 Capturing MIS Details

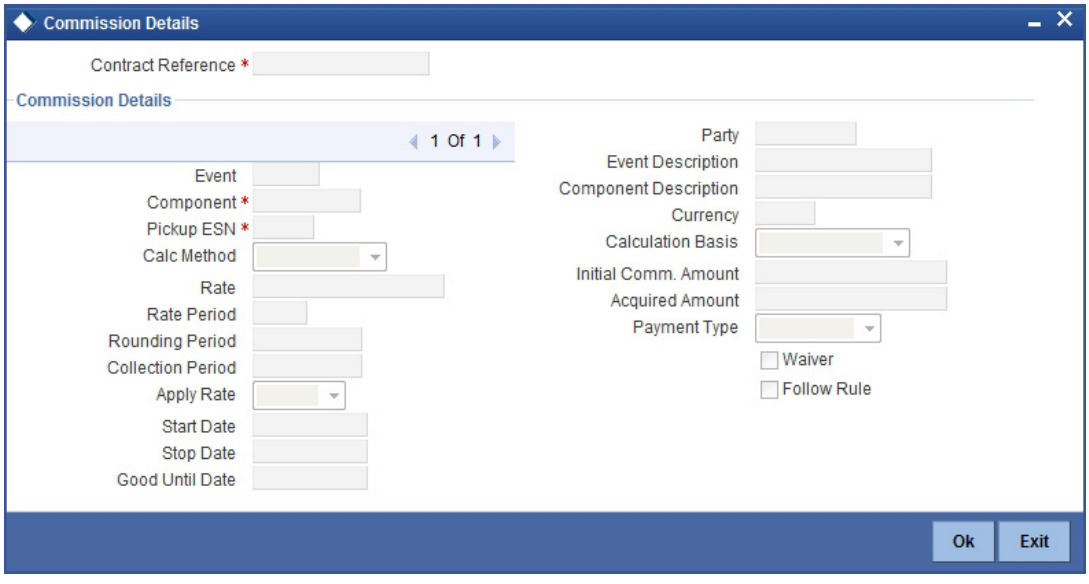
Click ‘MIS’ button to invoke the following screen.



Refer the MIS User Manual for further details on capturing MIS details.

6.6 Defining Commission Details

Besides the LC amount, the other components of an LC include the commissions that you collect and the charges that you levy on the parties involved in an LC.



While defining Accounting Roles for a product you must specify the internal accounts that should be picked up when commissions are collected and when charges are levied.

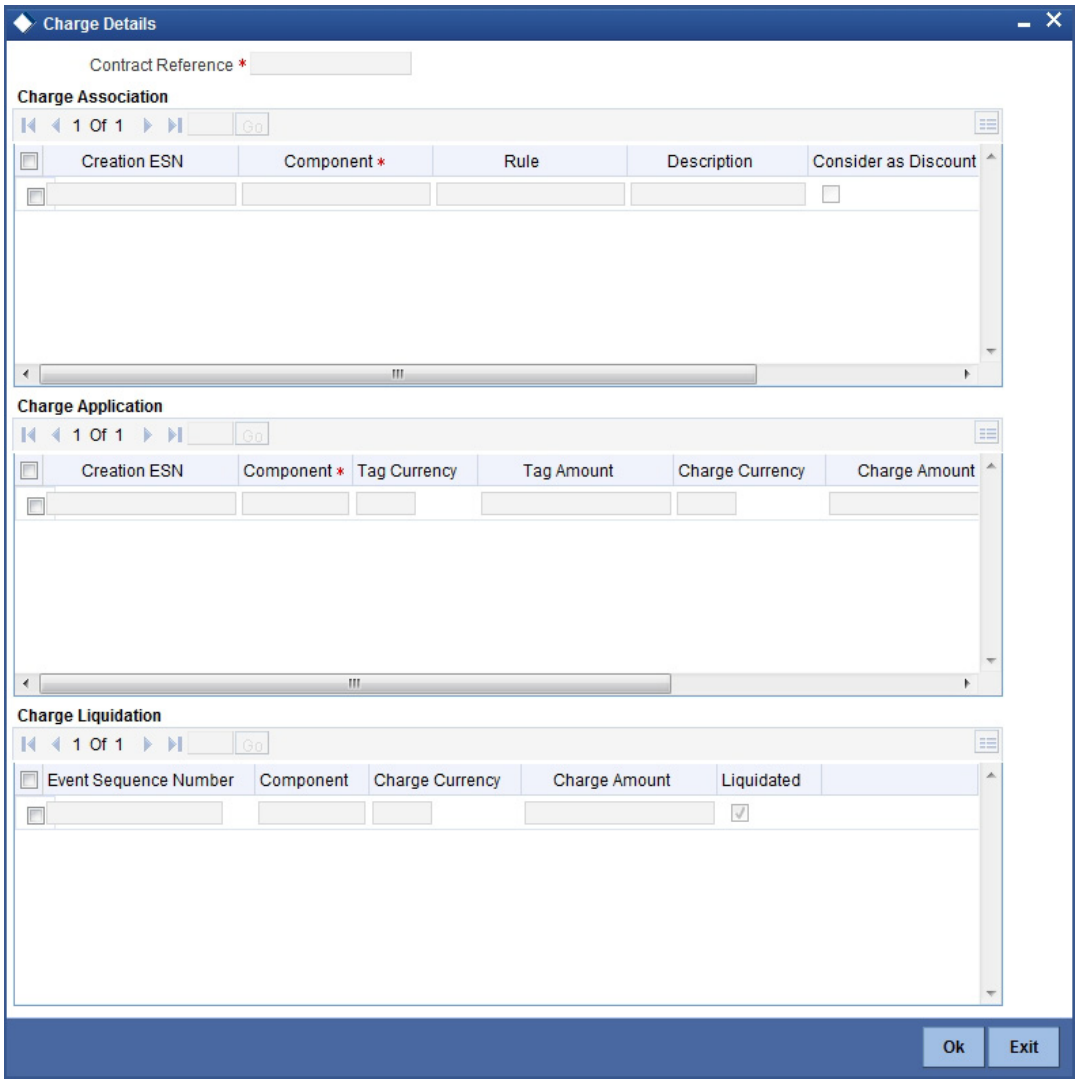
For an LC having the operation code ‘Reimbursement’, you will not be able to save commission related details. While saving the contract, the system will display an error message if you enter details in the ‘ICCF screen’.

While creating or amending an authorized contract, you can modify the percentage of commission to be charged. Enter the rate and click ‘Re-compute’ button to recalculate the commission percentage to be charged.

The details of the commissions that can be collected and the procedure of making them applicable to the LC you are processing has been detailed in the chapter Processing Commissions in the Modularity User Manual.

6.7 Defining Charge Details

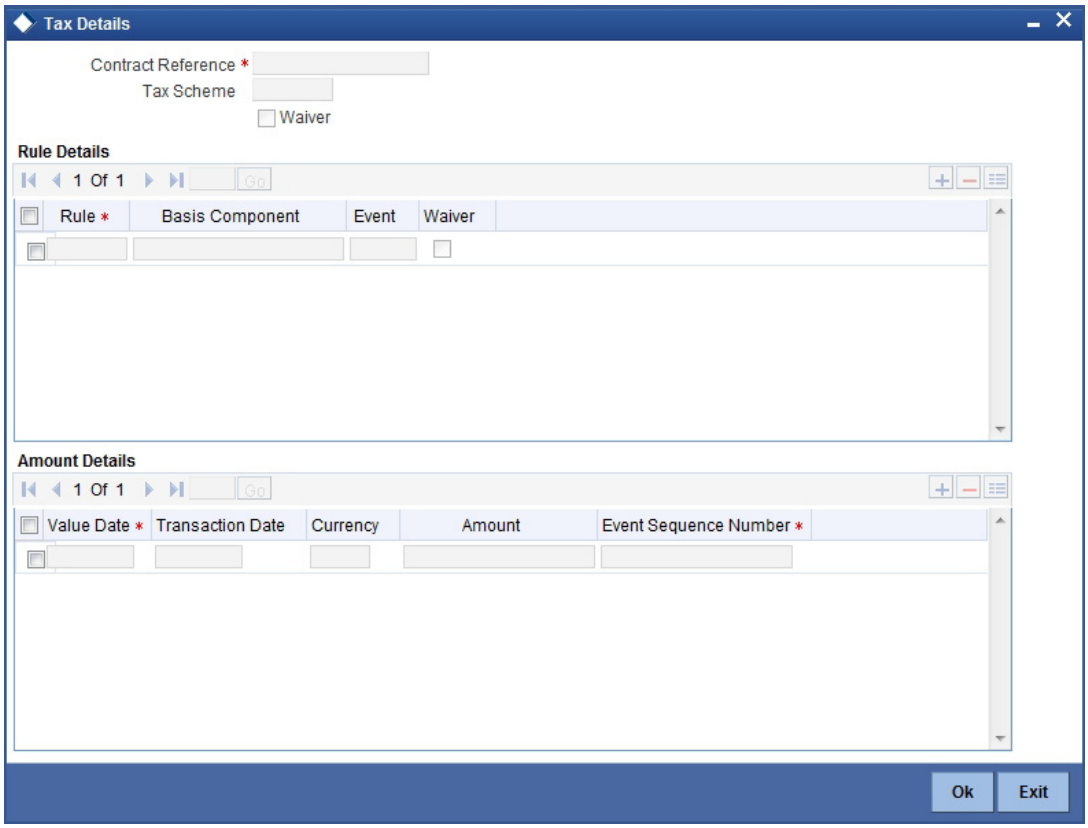
Click ‘Charges’ button to invoke the following screen.



Refer the Charges and Fees User Manual under Modularity for further details about this screen.

6.8 Specifying Tax Details

Click ‘Tax’ button to invoke the following screen.

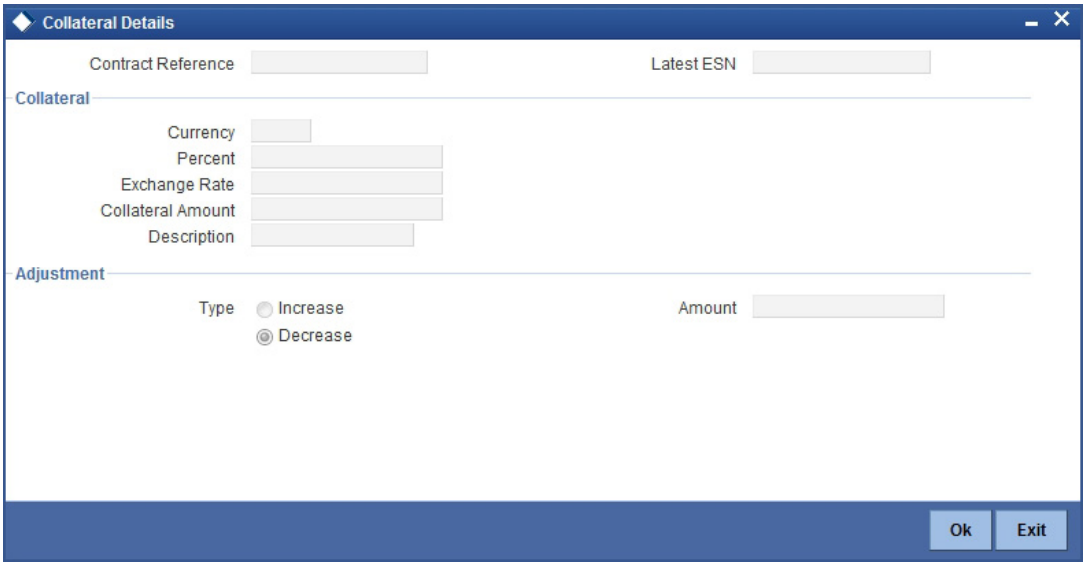


Refer the Tax User Manual under Modularity for further details on tax processing.

6.9 Maintaining Collateral Details

LCs that are issued or confirmed is often processed with cash collateral. In cases like a in a Guarantee, you may even take a 100% cash collateral. This is when an applicant is not a customer of your bank and the credit worthiness of the applicant is not known. Details of such cash collateral can be maintained in the LC Contract - Collateral Details screen.

To invoke this screen, click ‘Collateral’ in the LC Contract Details screen. The LC Collateral Details screen is displayed.



The cash collateral percentage is defined for the product under which an LC is processed. This percentage is picked up by default for the LC being processed.

6.9.0.1 Specifying Value of the Cash Collateral

The value of collateral can be expressed either as an amount or as a percentage of the LC amount.

Collateral Currency

Specify the currency of the collateral.

Percentage

If you specify the cash that is to be collected as collateral as a percentage of the LC amount, the equivalent amount is displayed. This amount is taken to be in the currency, defined as the collateral currency.

Amount

You can specify the cash collateral as an amount. In this case you do not need to specify a percentage. However if you specified the collateral as a percentage of the LC amount, the actual amount is computed in the collateral currency by the system.

Exchange Rate

If the collateral currency and the currency in which the LC is issued are different, you should also specify an exchange rate to be used in the conversion. The value of the collateral is determined based on this exchange rate.

Description

Give a brief description of the collateral.

6.9.0.2 Specifying Adjustment Details for a Collateral

At any time during the lifecycle of an LC, you may want to increase or decrease the value of the cash, accepted as collateral on LC. This is done by way of an amendment to the LC. The cash collateral can be increased or decreased, without changing the LC amount. On the other hand, a change in the LC amount may necessitate a change to the collateral amount.

Type

If you wish to increase the collateral amount, indicate ‘Increase’ on this screen.

If you wish to decrease the collateral amount that you have collected while issuing an LC, indicate ‘Decrease’ on this screen.

Amount

Enter the amount by which you want to increase or decrease the cash accepted as collateral. The collateral deposit account will automatically increase or reduce based on the specifications you make.

Note

If at the time of availment, you want to pay from the collateral account, you can include it in the accounting entries for the event, Availment.

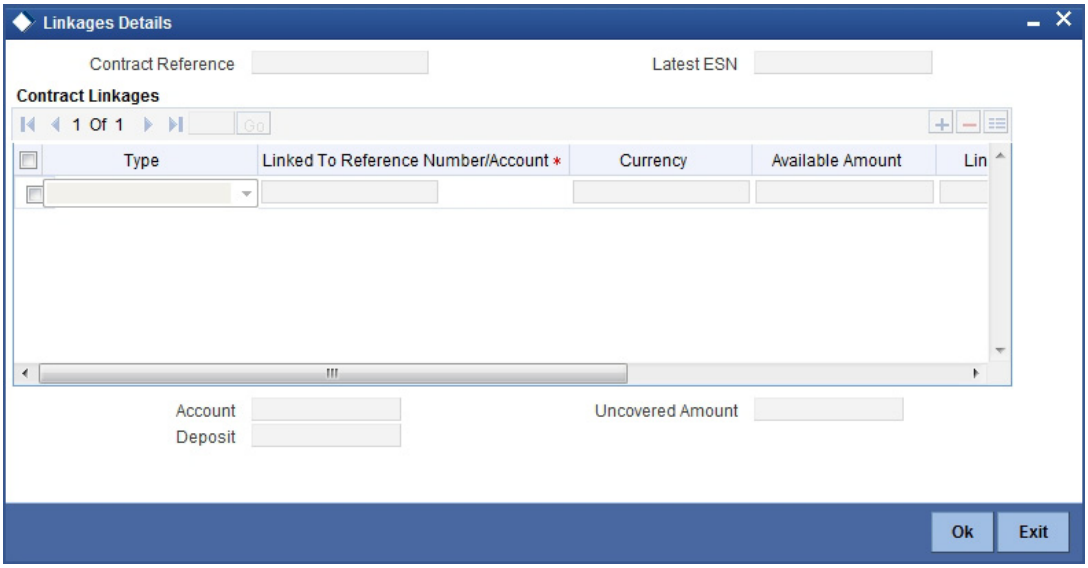
6.10 Linking Contracts to Deposits and Accounts

You can link an LC contract to deposits and accounts.

Type of linkage	Description
Linking a deposit	The entire LC amount, or a portion of it, can be linked to a deposit. The outstanding amount in the deposit should always be greater than or equal to the LC amount. You can link several LCs to the same deposit, provided sufficient funds are available in the deposit.
Linking an account	You can link the entire contract amount or a portion of it, to a savings or current account that is maintained with you. The available balance in the account should always be equal to or greater than the contract amount that is outstanding. You can link any number of contracts to an account provided a balance greater than or equal to the total outstanding contract amount(s) is available in the account.

The entire contract amount or a portion of it can be linked to any number of deposits or account or to both. From the LC Contract Details screen, you can invoke the ‘Linkages Details’ screen by clicking ‘Linkage Details’ button.

In this screen, you can specify any account/deposit with you, and indicate the funds that you would like to block.



Specify the following details.

Type

In the Contract Details screen, you can specify the type of linkage. The LC can be linked to a:

- deposit
- account
- LC
- EL

If you select the EL type, then LC reference number will be available in Linked to Reference Number option list. Only Export type of LC is displayed in option list. You can link Export type of LC, only for bill availing under reimbursement type of LC.

Linked To Reference Number/Account

If the LC is linked to a deposit, you should enter the Reference Number of the deposit. The deposit should be a valid contract in Oracle FLEXCUBE, with a Value Date that is earlier than or the same as the Value Date of the LC contract. The Maturity Date should be the same as, or later than that of the contract.

If the linkage is with an account, enter the account number to which you are linking the LC. The account you specify has to be a customer account (a Current account or a Savings Bank account).

If the linkage is with LC, linked reference number will be the reference number that you entered in the main page.

Currency

The currency of the linkage type to which the LC is linked is displayed once the linkage details are specified.

Available Amount

The system displays the amount available against the linked contract or account.

Exchange Rate

If the currency of the LC is different from the currency of the deposit or account to which it is being linked, the mid-rate for the day will be picked from the Exchange Rate table and displayed in the screen.

Converted Linked Amount

The system displays the converted linked amount.

Linked Amount

Indicate the contract amount that has to be linked to the deposit or account. This amount can be the entire amount of the LC or a portion of it. The amount available for linkage, in the specified deposit or account, is arrived at, by taking into account other linkages and the uncollected and unauthorised balance (in the case of an account).

Once the linked amount is specified, the system displays the following values.

Account/Deposit

The system displays the amount linked to each contract or account.

Uncovered Amount

The system displays the contract amount that has not been linked, in the case of a partial linkage.

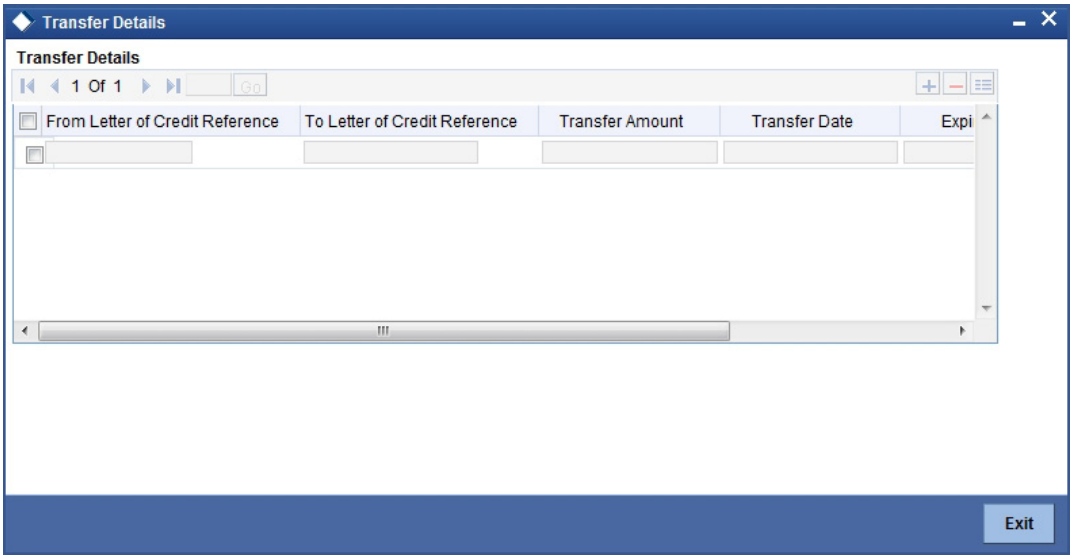
6.11 Viewing Amended Details of Contract

You can view the changes made in a specific version of an LC contract. To do this, navigate to the version of the contract that you would like to view in the Contract Details screen. Click ‘Change Log’ in the vertical array of buttons on the Contract Details screen.

The fields that were modified in the version will be displayed along with the old (inherited) and the changed values.

6.12 Specifying Transfer Details

Click ‘Transfer Details’ button to invoke the following screen.



Specify the following details.

To Letter Of Credit reference

Specify the destination to which the goods transacted under the LC should be sent by selecting the appropriate option from the list of values.

Transfer Amount

Specify the amount that should be transferred from the original LC. You can only transfer an amount that is less than or equal to the amount available under the original LC.

Transfer Date

The system date is displayed as the date of the transfer. This cannot be modified.

Expiry Date

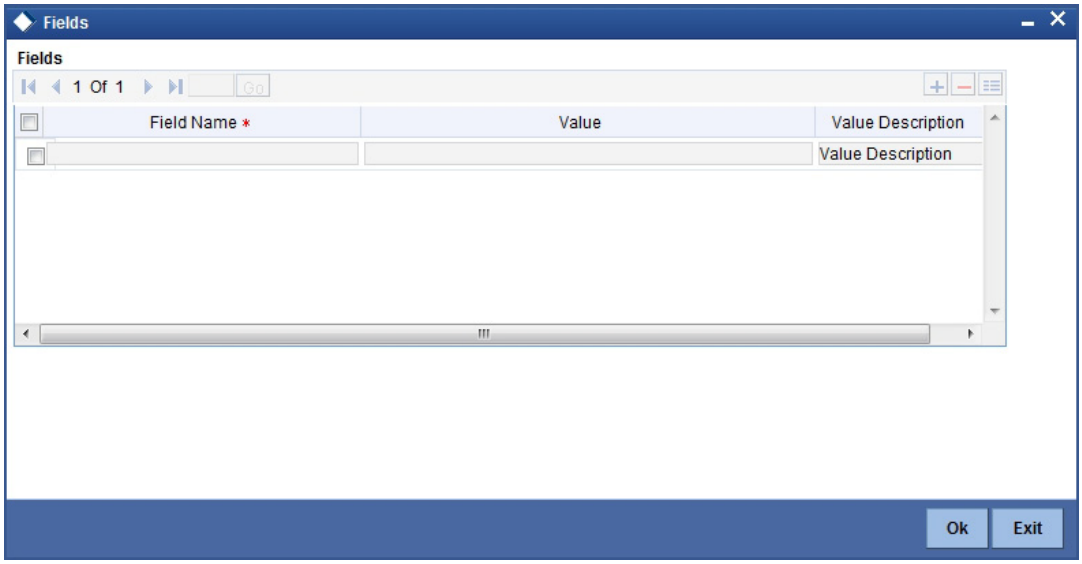
The expiry date is the date up to which the transferred LC is valid. The expiry date of the original LC is displayed here. You can modify this, provided that the expiry date is not earlier than the LC issue date or the system date.

Shipment Date

This is the latest date by which the shipment of the goods specified for the transferred LC can take place. The latest shipment date of the original LC is displayed here. You can modify this, provided that the date you enter is neither earlier than the Issue Date of the LC, nor later than the expiry date.

6.13 Capturing UDF Values

Click ‘Fields’ button to invoke the following screen.

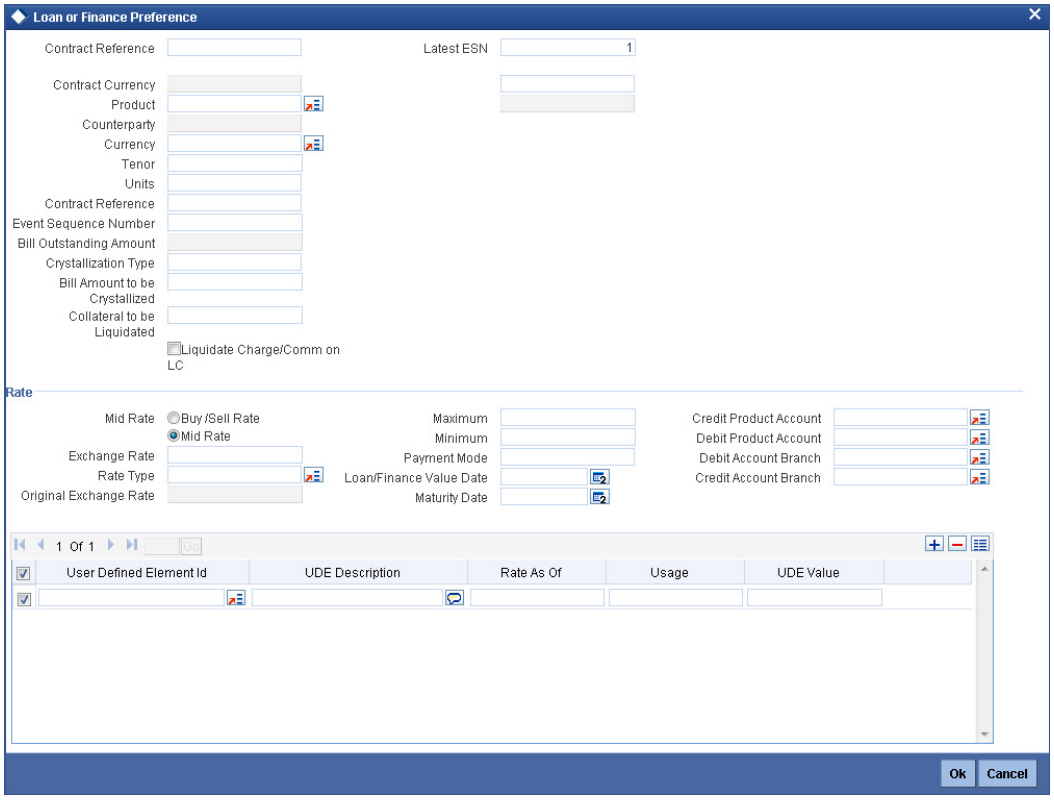


The User Defined Fields (UDFs) maintained for the linked function id are displayed here. You can specify values for them.

Refer the User Manual titled ‘User Defined Field’ for details about defining UDFs.

6.14 Specifying Loan Preferences

Click ‘Loan Preferences’ button to invoke the following screen:



Specify the following details;

Contract Reference

The contract reference number is displayed here.

Latest Sequence Number

The system generates a sequence number and displays it here.

Product

The loan product is displayed here. However, you can change the loan product if required. Specify the loan product that should be used for loan contract creation. The adjoining option list gives a list of loan products maintained in the Consumer Lending module. Choose the appropriate one.

Counterparty

The system displays the customer ID (CIF) of the shipping guarantee.

Currency

Specify the currency in which the loan should be initiated. The adjoining option list gives a list of valid currency codes maintained in the system. Choose the appropriate one.

Tenor

Specify the loan tenor. By default the system displays the LC tenor. However, you can change it.

Units

Specify the units in which the tenor is specified.

Contract Reference Number

The contract reference number is displayed here.

Event Sequence Number

The system displays the event sequence number.

Bill Outstanding Amount

The bill outstanding amount is displayed here.

Rate

You can capture the exchange rate details here.

Middle Rate

Select the rate to be applied for conversion. The options available are Middle rate and Buy/ Sell Rate.

Exchange Rate

For a customer availing any Relationship Pricing scheme, the customer specific exchange rate derived by adding the original exchange rate and the customer spread maintained for the relationship pricing scheme gets displayed here.

If Relationship Pricing is not applicable, Exchange Rate will be the same as the Original Exchange Rate.

For more details on customer specific exchange rates, refer the section titled 'Specifying Pricing Benefit Details' in Relationship Pricing user manual.

Rate type

Specify the rate type used for exchange rate. The adjoining list gives a list of rate types. Choose the appropriate one. The default rate type is Standard.

Original Exchange Rate

The base or the actual exchange rate between the contract currency and collateral currency gets displayed here.

Payment Mode

Specify the mode of payment.

Loan Value Date

The system displays the debit value date. However, you can change it.

Maturity Date

The system computes the maturity date based on loan tenor and displays it here. However, you can change it.

Credit Product Account

Specify the credit settlement account of the loan.

Debit Product Account

Specify the debit settlement account of the loan.

Debit Account Branch

Specify the branch where the debit settlement account used for the loan resides.

Credit Account Branch

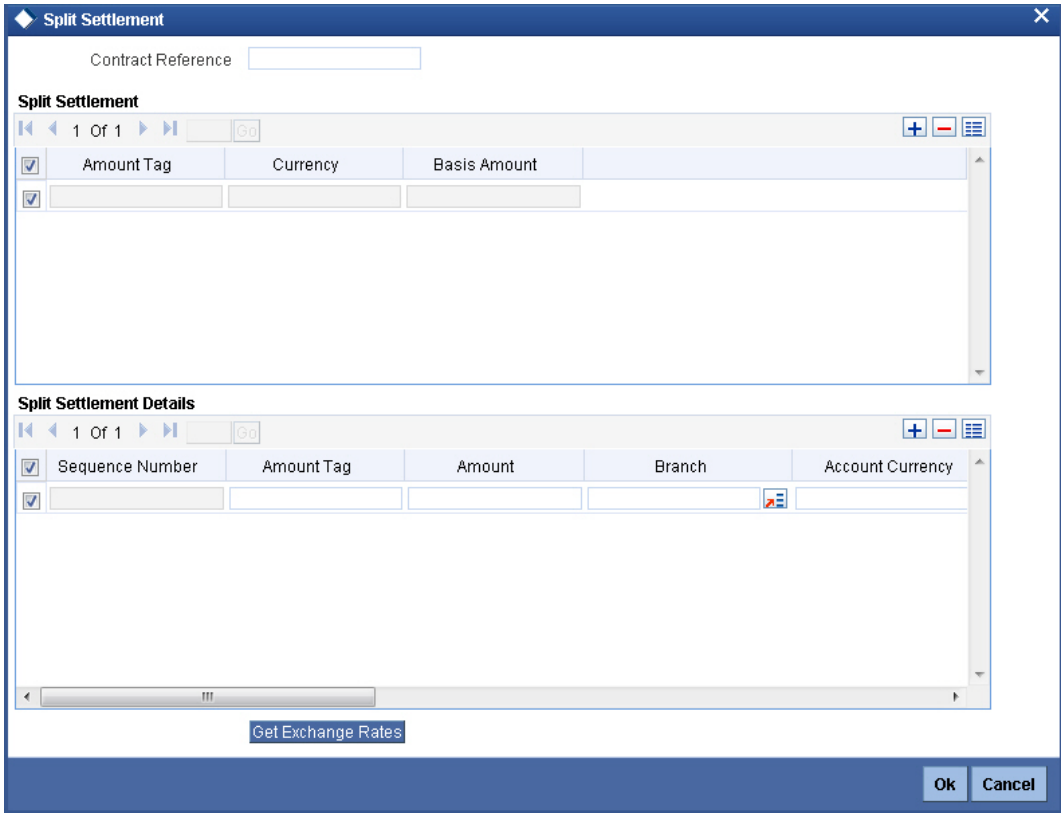
Specify the branch where the credit settlement account used for the loan resides.

While creating a loan from a shipping guarantee, the system defaults the interest rate and exchange rate specific to the customer. These rates are taken from the section ‘Promotion Maintenance’ of the ‘Customer Maintenance’ screen. In case the default rates are not available, the system defaults the standard mid rate.

The system will calculate the penalty based on the loan creation date. That is, even if the value date is different from the loan creation date, the penalty will be calculated after the expiry of the penal start days counted from the date of creation of the loan. You can manually change the number of penal value days in order to start applying the penalty from a different date.

6.15 Split Settlement Screen

Click ‘Split Settlement’ button to invoke the following screen.



Specify the following details.

6.15.1 Specifying Settlement Split Master

You can specify the details of the settlement split master in the following fields:

Basis Amount Tag

Specify the amount tag involved in the contract. The adjoining option list displays all valid amount tags maintained in the system. You can choose the appropriate one. For example, on booking a new contract, the only tag allowed is PRINCIPAL. This is referred to as the basis amount tag.

Currency

The system displays the currency associated with the amount tag.

Amount

The system displays the basis amount associated with the amount tag. For example, the amount involved in the contract would be displayed against the amount tag ‘PRINCIPAL’. The amount is in terms of the currency associated with the amount tag.

You can use ‘Get Exchange Rate’ button to get the original exchange rates defaulted in the screen.

6.15.2 Specifying Settlement Split Details

For each spilt amount tag, you need to specify the following details:

Amount

Specify the amount for the split amount tag. This amount should not be greater than the amount of the corresponding basis amount tag. The split amount is in the currency of the basis amount tag. This is a mandatory field and you will not be allowed to save the details if you do not specify the amount.

Loan Account

Check this box to indicate that the specified account should be the loan account.

Exchange Rate

Specify the exchange rate that should be used for the currency conversion.

Negotiated Cost Rate

Specify the negotiated cost rate that should be used for foreign currency transactions between the treasury and the branch. You need to specify the rate only when the currencies involved in the transaction are different. Otherwise, it will be a normal transaction.

The system will display an override message if the negotiated rate is not within the exchange rate variance maintained at the product.

Negotiated Reference Number

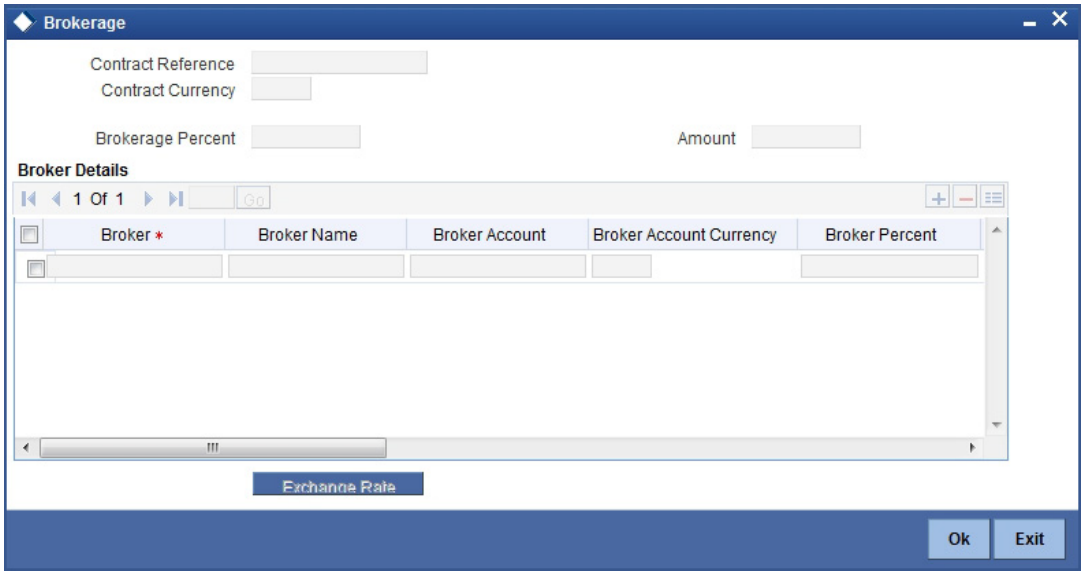
Specify the reference number that should be used for negotiation of cost rate, in foreign currency transaction. If you have specified the negotiated cost rate, then you need to specify the negotiated reference number also.

Note

Oracle FLEXCUBE books then online revaluation entries based on the difference in exchange rate between the negotiated cost rate and transaction rate.

6.16 Capturing Brokerage Details

You can capture the brokerage details for an LC contract and set your preferences for sharing the brokerage amount among multiple brokers using ‘Brokerage’ screen. To invoke the screen, click ‘Brokerage’ button on ‘Letters of Credit Contract Details’ screen.



You can capture the following details:

Contract Reference

The system displays the reference number of the contract.

Contract Currency

The system displays the currency of the bills contract. You cannot modify the contract currency.

Brokerage Percentage

Specify the percentage of the contract amount that should be paid as brokerage. Based on the percentage set here, the system calculates the brokerage amount. The brokerage amount calculation takes place at the Bills contract level.

In case of Bills contracts, you may directly enter the brokerage amount. However, if you specify the brokerage percentage as well as the amount, the system ignores the amount and calculates it afresh based on the percentage specified here.

Brokerage Amount

Specify the brokerage amount to be paid. However, if you have entered the brokerage percentage, the system ignores the amount mentioned here and calculates it afresh based on the brokerage percentage.

You can directly enter the contract amount for Bills contracts only. In case of LC contracts, the system displays the amount based on the brokerage percentage and contract amount. You cannot modify the brokerage amount in that case.

Brokerage Details

You can share the brokerage amount among multiple brokers. Click add button to add more brokers to the list.You can define the percentage of brokerage amount to be paid to each broker selected under this list

Broker

Specify the broker ID. The option list displays all valid broker IDs maintained in the system. Choose the appropriate one.

You can maintain multiple records for the same broker ID.

Broker Name

Based on the broker ID selected, the system displays the name of the broker.

Broker Account

Specify the broker account. The option list displays all valid accounts maintained for the selected broker along with the Nostro accounts and GLs for which posting is allowed. Choose the appropriate one.

Broker Currency

The system displays the currency of the selected broker account.

Percentage

Specify the percentage of total brokerage amount that should be paid to the selected broker. This will make the selected broker eligible for that percentage of the total brokerage amount shown above.

You can allot a specific percentage of the brokerage to each broker selected here. The system will verify whether the percentages allotted for all brokers together equals to 100 or not.

Amount in Account Currency

The system displays the portion of brokerage amount allotted to the selected broker in terms of local currency.

Exchange Rate

The system displays the exchange rate between the local currency and the account currency. This rate is used to convert the brokerage amount into the account currency. You can modify the exchange rate.

Amount in Contract Currency

The system calculates and displays the portion of brokerage amount allotted to the selected broker in terms of contract currency.

Original Exchange Rate

The system displays the actual exchange rate. This rate is inclusive of all available customer spreads.

Negotiated Rate

Specify the rate of exchange agreed upon after the negotiations with the broker.

The system will display an override message if the negotiated rate is not within the exchange rate variance maintained at the product.

Negotiation Reference Number

Specify the negotiation reference number.

Once you have captured the details, save the contract. The system allows modification of brokerage details until its liquidation.

The system will default the brokerage details to the bill contracts associated with this LC. You may modify the brokerage details at the bills contract level.

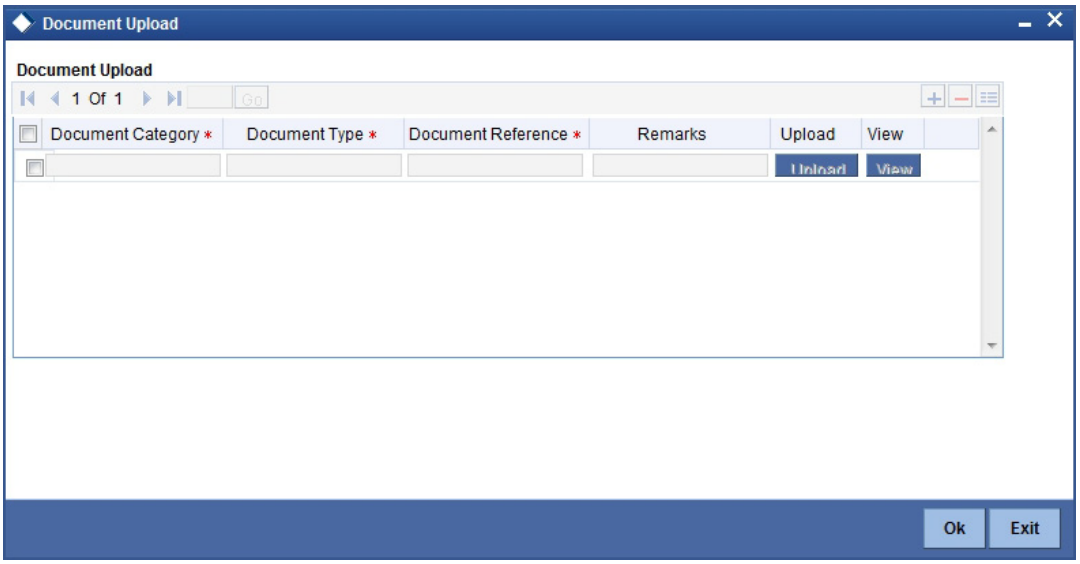
You can use ‘Exchange Rate’ button to get the exchange rates between the broker account currency and bill currency for all the brokers listed in the screen.

The system defaults the brokerage details in ‘Spilt Settlements’ screen. Those details are then used in settlements. You can enter the routing details for the messages in case the settlement takes place through Nostro account. If you modify the default brokerage details in ‘Split Settlements’ screen, the system displays an error message.

During liquidation of the brokerage, the system generates credit advices for each of the brokers involved.

6.17 Specifying Document Details

You can capture the customer related documents in central content management repository through the ‘Document Upload’ screen. Click ‘Documents’ button to invoke this screen.



Here, you need to specify the following details:

Document Category

Specify the category of the document to be uploaded.

Document Type

Specify the type of document that is to be uploaded.

Document Reference

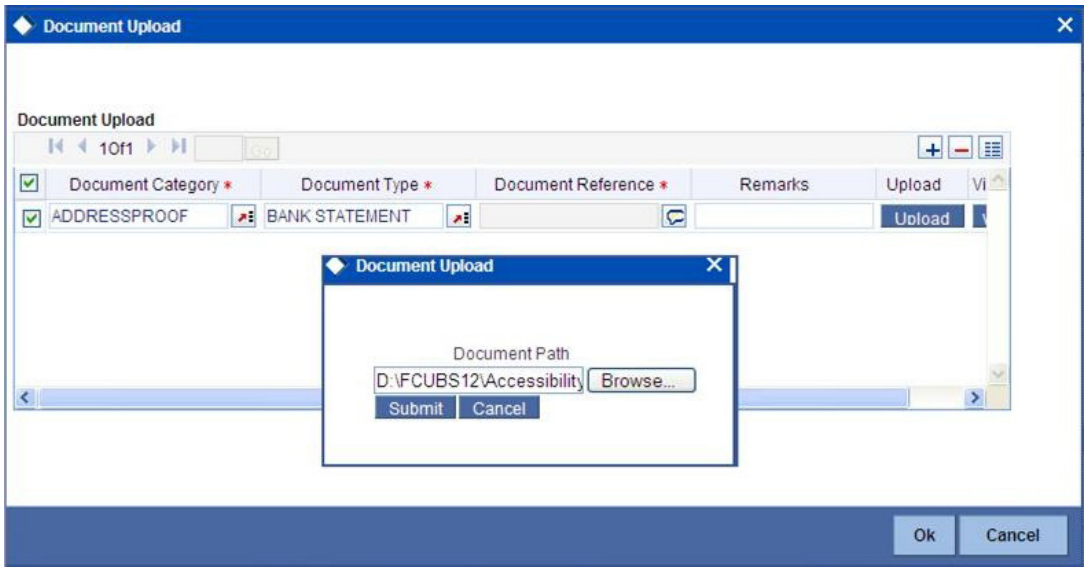
The system generates and displays a unique identifier for the document.

Remarks

Specify the additional information, if any.

Upload

Click ‘Upload’ button to open the ‘Document Upload’ sub-screen. The ‘Document Upload’ sub-screen is displayed below:



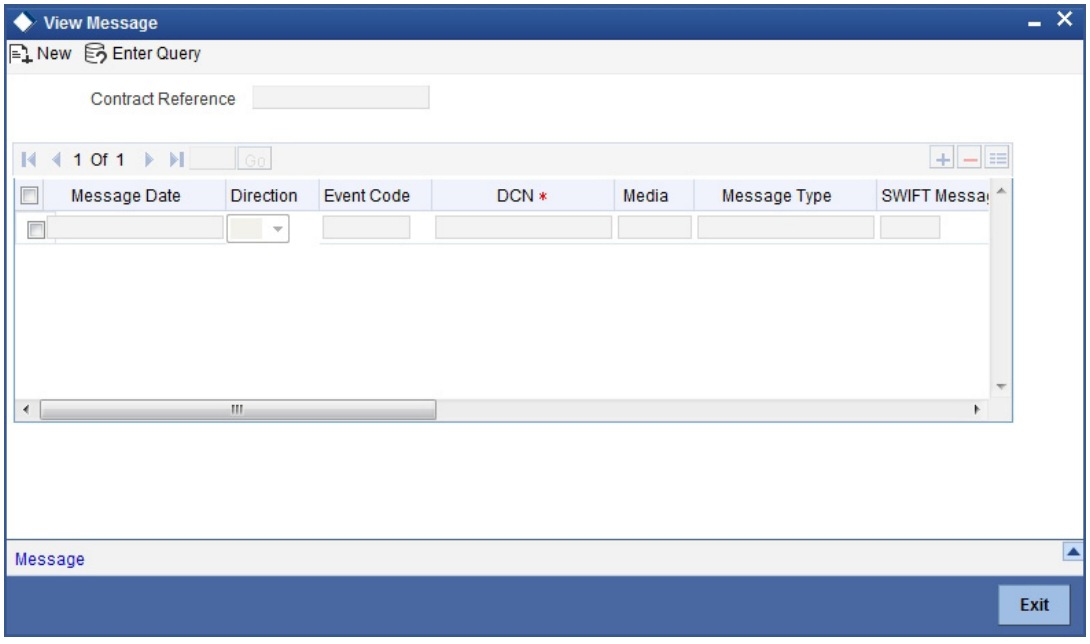
In the ‘Document Upload’ sub-screen, specify the corresponding document path and click the ‘Submit’ button. Once the document is uploaded through the upload button, the system displays the document reference.

View

Click ‘View’ to view the document uploaded.

6.18 Viewing all Messages

Click ‘All Messages’ button to invoke the ‘View Message’ screen. This screen displays all the messages associated to the contract.



The following details are displayed:

Contract reference number – Displays Reference number of the contract, for which messages are generated.

Message Date – Displays the message generation date or received date

Direction – Displays whether the message is an incoming or outgoing message.

DCN – Displays document reference number of a contract.

Media – Displays whether the message is swift message or mail message.

Message Type – Displays the type of message

Swift Message Type – Displays the Swift MT number of the message sent or received.

Receiver/Sender – Displays Receiver or Sender ID.

Name – Displays the name of the Sender or Receiver.

Message Status – Displays current status of message.

Test Status – Displays the test status.

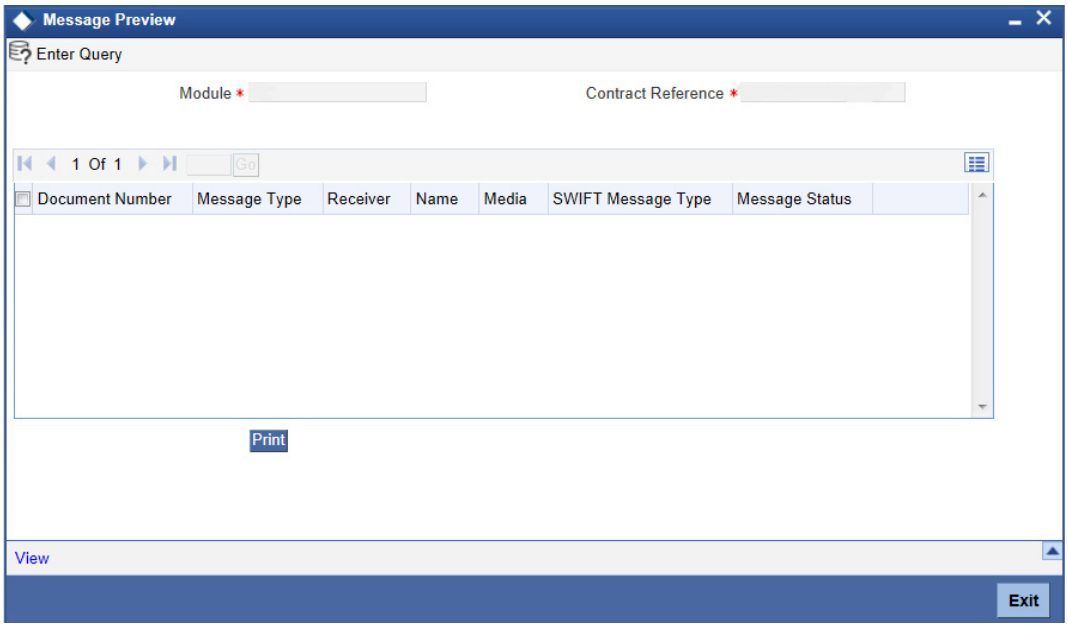
Authorized – System displays whether the status is authorized or unauthorized.

Acknowledgement Status – Displays the Ack/Nack Status of a message

PDE Flag – Displays the PDE flag.

6.19 Previewing Messages

You can preview the messages or advices that will be generated for the contract using 'Message Preview' screen. To invoke this screen, click 'Message Preview' button.



For the contract, you can view the following details of the messages:

- The document number generated for the message/advice
- Type of message generated for the event

- Customer ID of the receiver of the message/advice
- Name of the receiver of the message/advice
- Media of transmitting the message/advice (Mail/SWIFT)
- SWIFT message type of the message
- Status of the message/advice

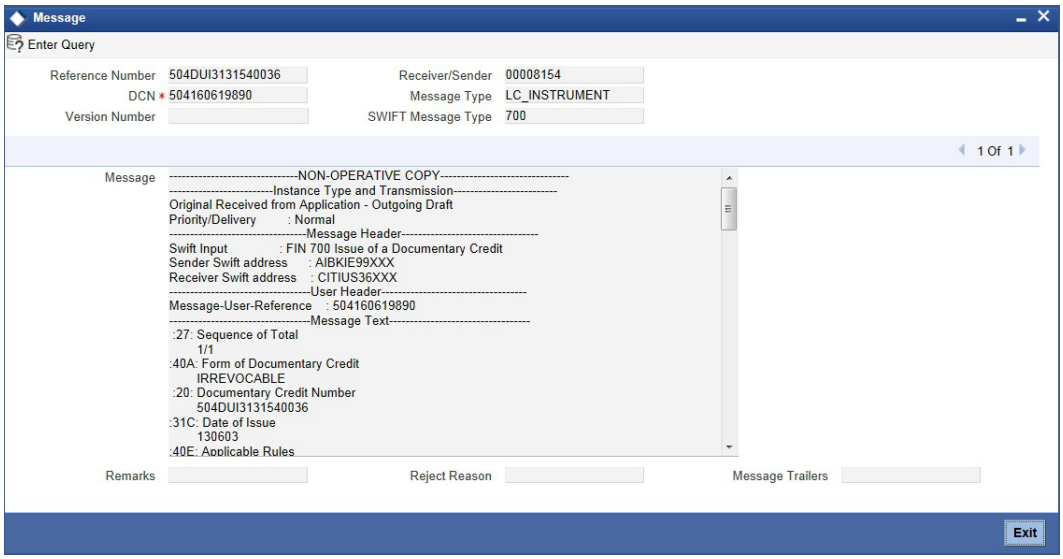
You cannot preview the message after the authorization of the contract.

For preview of SWIFT MT700 and MT760 messages on hold, you need to view the Advices/ Settlement/Commission/Charges/Interest or Collateral sub-screen after contract input. The system performs the required validations and after that, you can keep the contract on hold and view the message in 'Message Preview' sub-screen.

Message preview functionality is available on save for all the LC module transactions and preview available for MT700 and MT 760 for hold transactions also. Along with the preview option, you will also be allowed to print the required message/advice from the preview screen.

6.19.1 Viewing Message/Advice

Select a message/ advice and click 'View' button to view the complete message/advice. The system will display the following details in a new window.



You can view the following details:

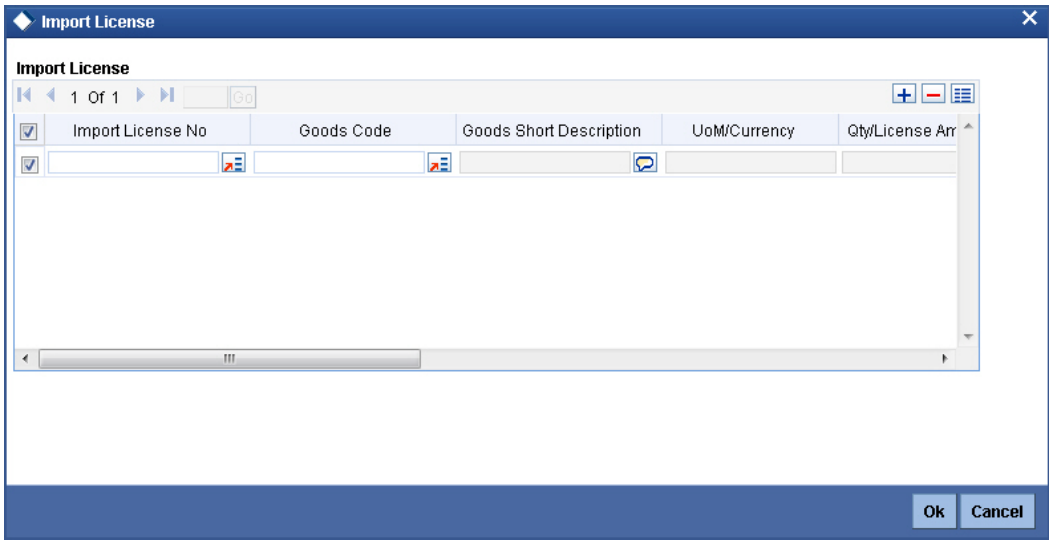
- Reference number of the message/advice
- Document number generated for the message/advice
- Version number of the message/advice
- Receiver/sender of the message
- Type of the message
- Type of the SWIFT message
- Complete text of the message/advice
- Remarks, if any
- Reject reason, if any
- Message trailer

6.19.2 Printing Message/Advices

From the ‘Message Preview’ screen, you can print a message/advice using the ‘Print’ button. Select the message/advice and click ‘Print’ button to print the message.

6.20 Utilizing Import Licenses

You can link the import license to an import LC contract and update the utilization amount or quantity for the linked import licenses. You can utilize multiple import licenses for an import LC. Click on ‘Import License’ to invoke the import license screen.



Import License No

Select the import license number from the adjoining option list.The import licenses maintained for the party type ‘Applicant’ in the Import License Maintenance screen is displayed in the option list.

Goods Code

Select the goods code from the adjoining option list.

Goods Short description

The system displays the goods short description maintained in the ‘Bills and Collections Commodity Code Maintenance’ screen.

UoM/Currency

The system displays the unit of measurement or currency captured for the goods code of import license.

Note

If the basis is ‘Quantity’, then the system displays the UoM maintained for the goods code.

If the basis is ‘Amount’, then the system displays the currency maintained for the import license.

Qty/License Amount

The system displays the Quantity or License Amount captured for the goods code of import license.

Qty/License Amt Already Utilized

The system displays the sum total of Quantity or License Amount already utilized for the goods code.

Qty/License Amt Already Reinstated

The system displays the sum total of Quantity or License Amount already reinstated for the goods code.

Available Qty/License Amt

The system displays either the Available Quantity or Available License Amount for the goods code.

Qty/License Amt Utilized

Specify the quantity or the license amount utilized.

Note

If the license utilization basis is Quantity, then the system defaults the License Amount Utilized as Quantity Utilized * Rate/Unit.

Qty/License Amt Reinstated

Specify the quantity or the license amount reinstated.

Note

- If the License Amount Utilized is maintained for an goods code of an import license, then the system allows reinstatement of the license amount.
- The 'Qty/License Amt Reinstated' should be less than or equal to the sum total of Qty/License Amount Utilized - Qty/License Amt Reinstated.
- You can enter either Qty/License Amount Utilized or Qty/License Amt Reinstated for a goods code.

After authorization, you cannot modify or delete import licenses linked to a LC contract.

The utilizations and re-instatements maintained for an import license in 'Import License Utilization' Screen and Import License sub-system will be differentiated by the system based on the 'Transaction Reference Number'.

On authorization of reversal of a contract, the utilizations of all linked import licenses will also be reversed i.e. the value of Qty / License Amt Already Utilized - Qty / License Amt Already Reinstated will be posted as Qty / License Amt Reinstated for the respective goods codes and Available Qty / Available License Amt values will be re-computed.

If an import licenses linked to an Islamic import LC contract is not completely availed i.e. sum total of availments are less than the liability amount of Islamic import LC, then at the time of closure of Islamic LC contract, the system will give an alert to reinstate un-utilized quantity / license amount of linked import licenses. If auto closure is enabled for such Islamic import LC contracts, then system will not perform the auto-closure.

Note

If the good is classified either as Licensed or as Prohibited and the import licence details are not entered in the LC or BC contract screens, then the system displays an override message as "Import license details are not entered for the contract."

For import LC contract, the effective date should be between the effective date and expiry date of the linked import license.

7. Making Availment

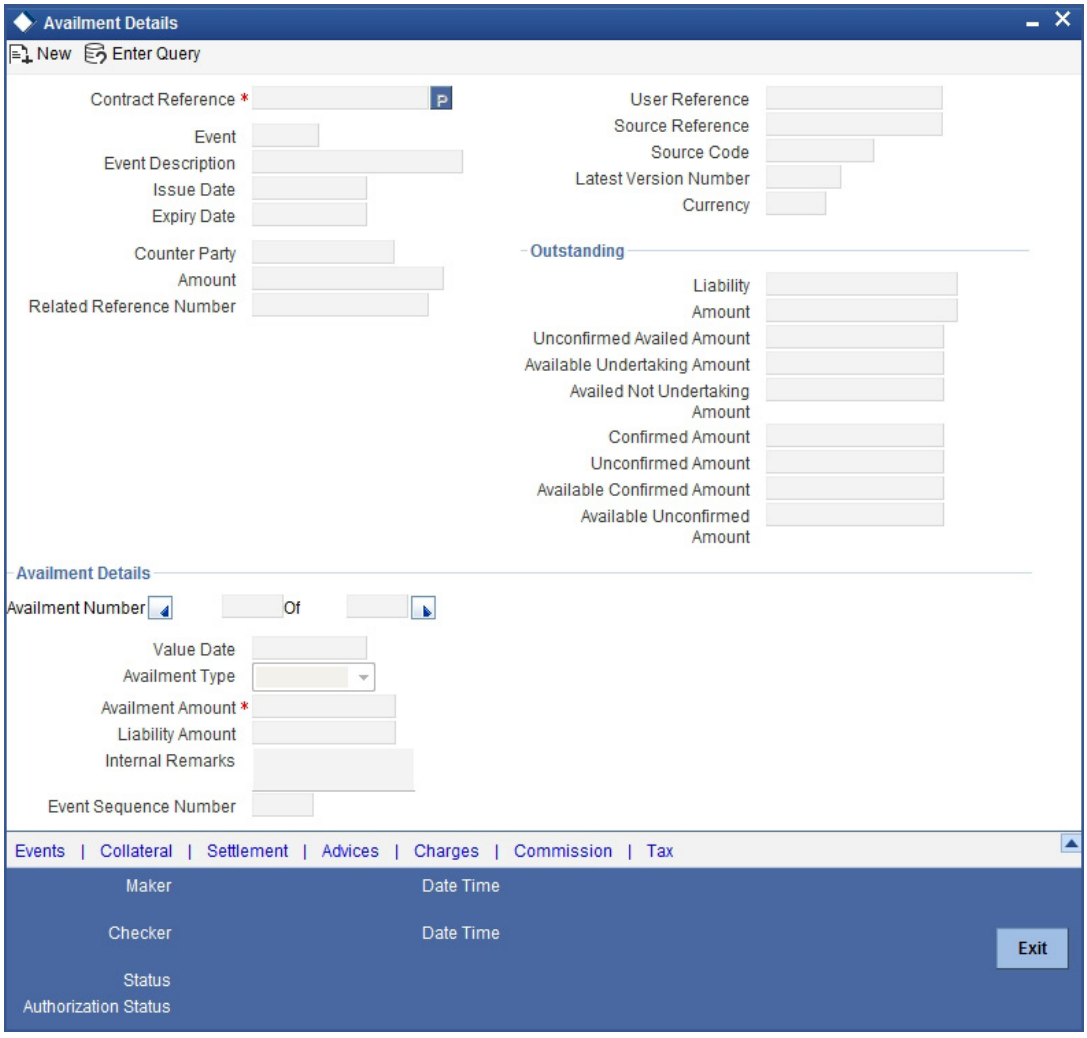
7.1 Introduction

On receipt of the bills or on notification from the negotiating bank, you can record an availment under an LC. The availment on an LC can be made only up to the Maximum LC amount, specified in the Contract Main screen.

Once an availment is recorded, the current availability under the LC will be reduced and the outstanding liability updated automatically. It will be reduced by the availment amount. When an availment is recorded and there is cash collateral outstanding against the LC, invoke the cash collateral screen and specify the amount of cash collateral to be released.

7.2 Capturing Availment Details

You can invoke the 'Letters of Credit Availment Input' screen by typing 'LCDAVMNT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. Click new icon in the toolbar. The 'Letters of Credit Availment Input' screen with no values in the fields is displayed.



Specify the following details:

Contract Reference

Specify or select the contract reference number from the option list provided.

You can fetch the transactions of all branches by choosing either contract reference number or branch from this option list.

Click ‘P’ button.

The following contract details will be displayed:

- Event
- Description
- Issue Date
- Expiry Date
- User ref No
- Version No
- Currency
- Counterparty
- Related Reference Number
- Amount
- Liability
- Outstanding Amount
- Available Confirmed Amount
- Availed Unconfirmed Amount
- Undertaking Amount
- Availed Not Undertaking Amount

Note

The system will not display ‘LC with Pre-advice’ operation contract in the adjoining option list.

Availment Details

Specify the following details.

Availment Amount

You can specify the amount being availed under the LC, in this screen. The availment amount that you specify cannot be greater than the Outstanding LC Amount displayed in this screen. Partial amounts can be availed against an LC. The availment thus need not always be the amount available under the LC.

After an availment is made on an LC, the LC amount is automatically reduced. The LC amount after the availment is displayed in the Outstanding LC Amount field of the ‘LC Contract Main’ screen.

If the LC is linked to an open insurance policy for which the option ‘Update utilization Automatically’ is checked, the system will decrease the utilization on the policy with the LC availment amount. Similarly, if the availment is reversed or a reversal is deleted, then the utilization amount will be increased or decreased respectively to the extent of the availment amount.

On saving the transaction after entering all the required details in the system, the system validates the value of the availed amount against the following:

- Product transaction limit
- User Input limit

If the transaction currency and the limit currency are different, then the system converts the amount financed to limit currency and checks if the same is in excess of the product transaction limit and user input limit. If this holds true, the system indicates the same with below override/error messages:

- Number of levels required for authorizing the transaction
- Transaction amount is in excess of the input limit of the user

Value Date

An availment can be made either as of a date in the past or today. By default, the system displays the current date. You can change it to a date in the past.

Availment Type

Specify the type of availment to be recorded under the LC. Click the adjoining drop-down list and select one of the following values:

- Payment
- Acceptance
- Negotiation

If the entry to this field does not adhere to the conditions specified above you will be prompted for an override.

Liability Amount

The Liability Amount refers to the customer's liability to the bank. For an availment you can specify the amount that should be reduced, from the Outstanding Liability amount.

The Outstanding Liability amount can be reduced by an amount that is greater or less than the amount currently being availed. By default, the availment amount specified in the Availment Amount field will be defaulted here.

Note

The liability amount that you specify should not result in the Outstanding Liability Amount being less than the Outstanding LC Amount. If the values entered as the Availment Amount and the Liability Amount result in the liability amount being less than the LC amount, an error message will be flashed. The message will prompt you to re-enter values to the relevant fields.

Internal Remarks

Click the adjoining icon and enter information about the availment in the window that pops up. This information is intended for the internal reference of your bank. These remarks will be displayed when the details of the availment are retrieved or printed. However, this information will not be printed on any correspondence with the customer.

Outstanding

Specify the following details:

Liability

On clicking ‘P’ button after specifying the contract reference number, the system displays the current liability amount.

Amount

On clicking ‘P’ button after specifying the contract reference number, the system displays the current outstanding amount.

Confirmed Amount

On clicking ‘P’ button after specifying the contract reference number, the system displays the current confirmed amount.

Unconfirmed Amount

On clicking ‘P’ button after specifying the contract reference number, the system displays the current unconfirmed amount.

Available Confirmed Amount

On clicking ‘P’ button after specifying the contract reference number, the system displays the current available confirmed amount.

Available Unconfirmed Amount

On clicking ‘P’ button after specifying the contract reference number, the system displays the current available unconfirmed amount.

7.2.1 Reversing LC Liability

When an LC is availed using a Bill (or using the Availment function from the Browser), the Availment Amount and the Liability Percentage specified for the underlying LC contract, will be used in computing the default Liability Amount. The default value that is displayed can be changed.

Note

During availment, the Positive Tolerance Percentage specified for the LC is not taken into account to compute the default value of the Liability Amount.

The LC availment screen displays buttons that invoke the various functions necessary to make an availment on an LC. The buttons have been briefly described below:

Icons	Description
Advices	Click this button to define the advices that will be generated for the availment.
Commission	This button invokes the Charges, Commissions, or Fees service. The chapter titled Processing Charges on LCs details the procedure of maintaining charge rules. It also deals with the application of the scheme on an availment.
Tax	This button invokes the availment tax services. The tax details applicable for the availment will be shown and you can choose to waive it, if necessary. The chapter titled Processing Tax for LCs details the procedure of maintaining tax rules and schemes. It also deals with the linking and application of the scheme on an availment.

Settlement	Click on this button to invoke the Settlement screens. You can specify settlement details for the availment like: the accounts to be used for the availment message details and party details Based on the details that you enter in the settlement screens, the availment will be settled. The details of these screens have been discussed under the head Maintaining Settlement Instructions in this chapter.
Collateral	In the screen corresponding to this button, you can specify the adjustments that you want to make, on the cash collected as collateral.
Event	Click this button to view the details of the events and accounting entries that an availment entails. This icon also gives the details of other events on the LC.
Charge	Click this button to capture charge details.

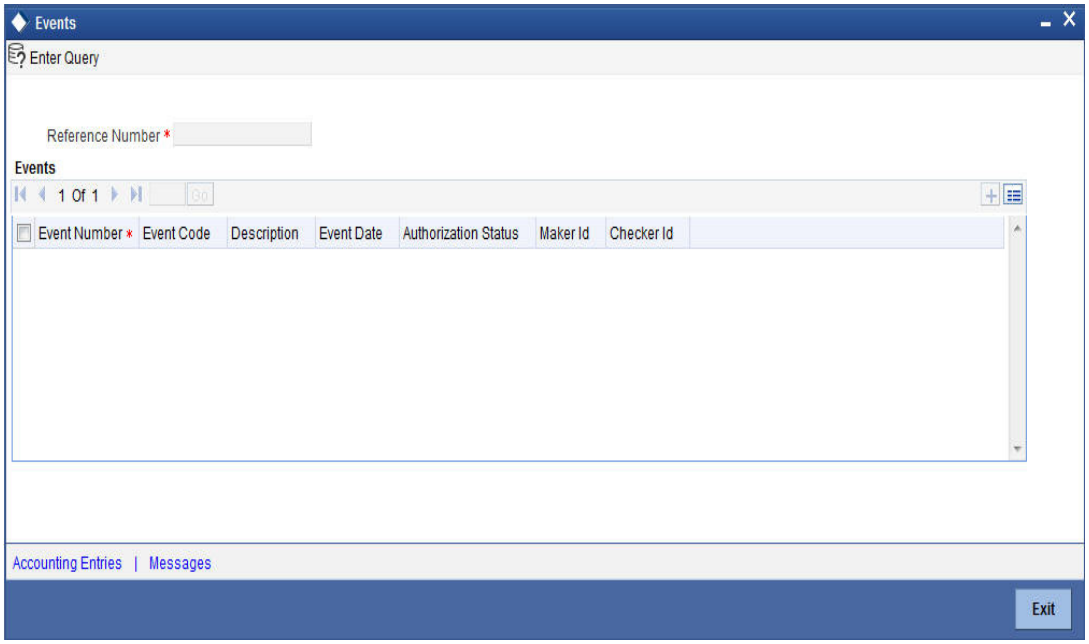
Enter valid inputs into all the mandatory fields before you save the availment. Save the contract by either clicking save in the toolbar. On saving the availment, your User Id will be displayed in the Entry By field at the bottom of the screen. The date and time at which you saved the record will be displayed in the Date/Time field. A user bearing a different User ID should authorise an availment that you have entered, before the EOD is run. The ID of the user who authorised the availment will be displayed in the Auth By field. The date and time at which the availment has been authorised will be displayed in the Date/Time field. The current status of the LC contract on which you are processing the availment, is also displayed in the field Contract Status. The field will display one of the following:

- Active
- Closed
- Reversed
- Cancelled
- Hold

7.2.2 Viewing Event Details

Click ‘Events’ button in the ‘LC Availment’ screen, to go to the ‘Events’ screen. The details of events that have taken place on the contract including the last availment, that you are have just entered will be displayed.

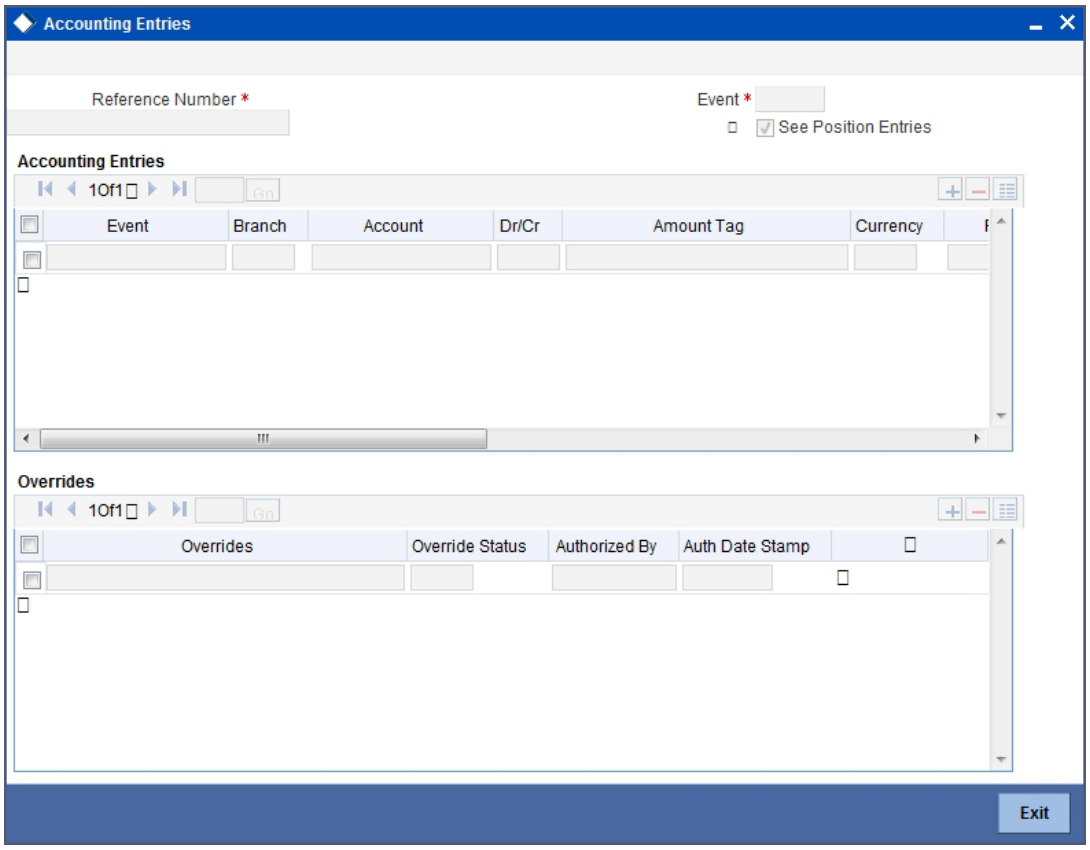
The date on which the event took place will also be displayed.



Click ‘Exit’ or ‘Cancel’ button to go back to the main screen.

7.2.2.1 Viewing Accounting Entries

From the ‘View Events’ screen, click ‘Accounting Entries’ button to view the Accounting Entries for the event. You can view the details of the accounting entries that were passed only for the event displayed in the availment – ‘View Events’ screen.



The following information is provided for each event:

- Branch
- Account
- Transaction Code
- Booking Date
- Value Date
- Dr/Cr indicator
- Currency
- CCY (Currency)
- Amount in contract CCY
- Amount in local currency.

All the overrides that were allowed for an event will also be displayed

Click ‘Exit’ or ‘Cancel’ button to return to the screen from where you invoked the ‘Accounting Entries’ screen.

Note

The system will display an override message if the date when the availment is made i.e. the value date of the availment falls after the expiry date for the LC issued. You may use your discretion to proceed or cancel the contract. You can also have this override configured as an error message in which case, the system will not allow you to proceed until you make the necessary changes.

7.2.2.2 Reversal of Availment

You can reverse the last availment made on an LC. All availments made on the LC will be displayed. You can select the last availment performed on the LC for reversal.

To reverse the details of an LC, click reverse icon in the toolbar. On reversing an availment on an LC, the system passes reversal entries for the availment.

Note

An availment can be reversed, only if it was the last event that took place on the LC contract.

Reversal of LC Liability

When an LC is availed using a Bill (or using the Availment function from the browser), the Availment Amount and the Liability Percentage specified for the underlying LC contract will be used in computing the default Liability Amount. This default value can be changed.

Note

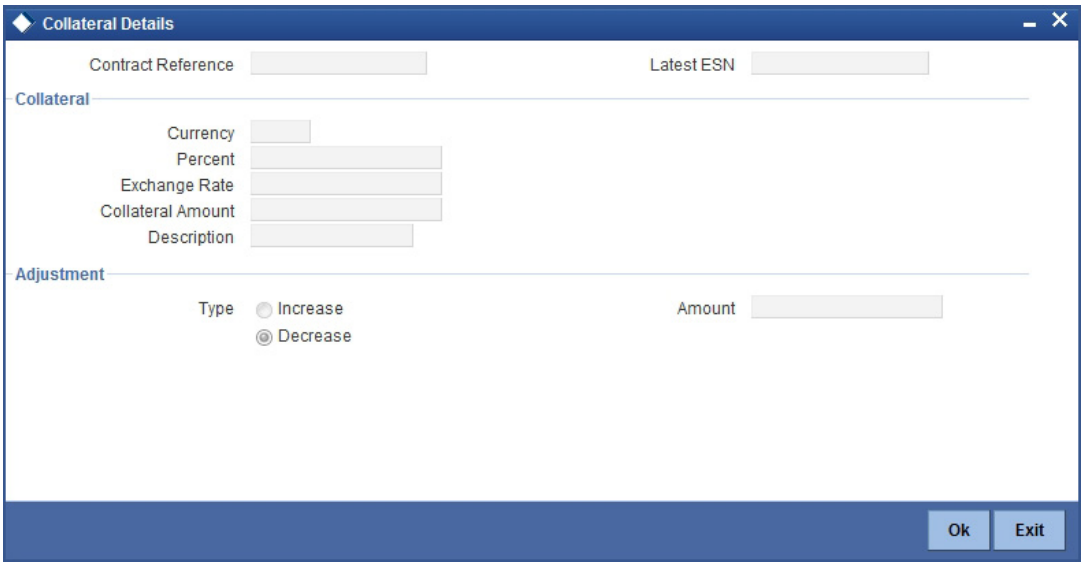
Note that during availment, the Positive Tolerance Percentage specified for the LC is not taken into account to compute the default value of the Liability Amount.

7.2.3 Specifying Collateral Details

If the LC that you are processing has been backed by cash collateral, you can specify the cash collateral to be released as a result of the availment.

By default, the collateral amount proportional to the amount availed will be adjusted automatically. This default amount can be reduced or increased.

Click ‘Collateral’ button in the LC availment screen.



Specify the following details:

Contract Reference

The system displays the contract reference number.

Latest Even Sequence Number

The system displays the latest even sequence number.

7.2.3.1 Specifying collateral details

Collateral Currency

The currency of the collateral is displayed here.

Percent

The system displays the percentage of LC amount that should be considered for the collateral amount.

Exchange Rate

The exchange rate to be used in the conversion is displayed here. The value of the collateral is determined based on this exchange rate.

Amount

The collateral amount is displayed here.

Description

A brief description of the collateral is displayed here.

7.2.3.2 Specifying Adjustment details

Specify the following details.

Type

You can increase the collateral amount that is calculated by default. Choose ‘Increase’ option and enter the amount by which the cash collateral should be increased. Choose the ‘Decrease’ option

Amount

Specify the amount by which the cash collateral should be increased or decreased.

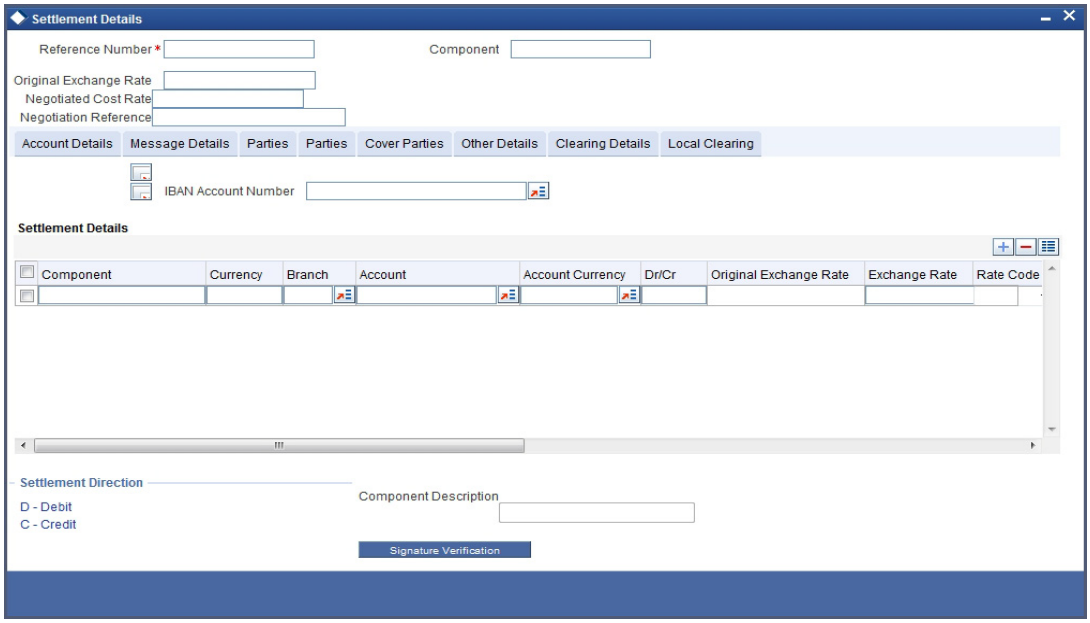
If you are adjusting the collateral against an availment, you should have defined the appropriate accounting entries for the event code AVAL.

Not invoking the 'Collateral' screen during the availment session will mean that you do not want to adjust the collateral. This would be so even if you have defined the accounting entries for availment reduction. An override to this effect will be displayed when you save the availment.

7.2.4 Maintaining Settlement Instructions

Apart from the details of the accounts involved in the availment, you may have to capture party details for messaging requirements. The default settlement instructions for the customer will be shown in the 'Settlement Details' screen. You can modify them. The accounts involved could be the settlement account for the availment amount, charges and tax, if they are applicable.

Click 'Settlement' button in the 'LC Availment' screen and invoke the 'Settlement Details' screen.



Here you can specify the following details.

7.2.4.1 Account Details Tab

Click 'Account Details' tab to specify the details of the accounts involved in the availment. The accounts and amount involved in the Debit and Credit legs of the accounting entry, for the availment amount will be displayed in the 'Account Details' screen. These details cannot be changed here. If a change is necessary, the same would have to be specified in the 'LC Availment' screen.

The other details shown in this screen are the:

- Component and its currency
- Payment account and its currency
- Branch of your bank to which the account belongs

- Original Exchange rate (in case the component currency is different from the account currency)
- Exchange rate, which is the customer specific exchange rate derived by adding the original exchange rate and the customer spread (applicable for Relationship Pricing customers). If Relationship Pricing is not applicable, the Exchange rate will be the same as the Original Exchange rate.
- ERI Amount (Euro Related Information)
- ERI Currency
- Rate code
- Spread definition
- Customer spread

For more details on customer specific exchange rates, refer the section titled 'Specifying Pricing Benefit Details' in Relationship Pricing user manual.

Note

When settling charges for an LC or a guarantee, you can use a Receivable Account instead of a Customer Account. In such a case, you can send a charge claim advice to the customer.

ERI Currency and Amount

SWIFT messages (MT 100/MT 202) generated towards settlement, can furnish the value of the settlement amount in the settlement account currency and in the ERI currency.

If you choose to furnish the ERI value of the amount, you have to enter the following in the 'Settlement Message Details' screen:

- The ERI currency
- The ERI Amount

The system defaults to the ERI currency specified for the customer and currency combination. The default ERI currency can be changed. The ERI amount will be validated against the Tolerance Limit, specified for the ERI currency.

Note

On 1 January 1999, eleven countries that are part of the European Union embarked on the first phase of economic integration, called the 'Economic and Monetary Union' (EMU). The EMU ushered in a new, single European currency: the Euro (EUR). The Euro, in Oracle FLEXCUBE, can be handled by capturing information such as the ERI details, in this screen.

Generate Message

Settlement messages, defined for components that fall due, will be generated automatically when you the Settlement Generation function at the End of Day. To suppress the generation of the settlement message defined for a component, uncheck the Gen Message field of the 'Contract Settlement Message Details' screen.

Debit/Credit Indicator

The default settlement instructions for the customer will be shown in the Settlement Accounts screen. The default can be modified.

The direction of settlement indicates whether the account being shown, will be debited or credited:

- P - Indicates Pay, meaning that the account should be credited
- R - Indicates Receive, meaning that the account should be debited

Netting

Check this box to indicate that you would like to enable the Netting option for the various components (Amount Tags) involved in the transaction. These components could be commission, interest, tax, charges etc.

Component Description

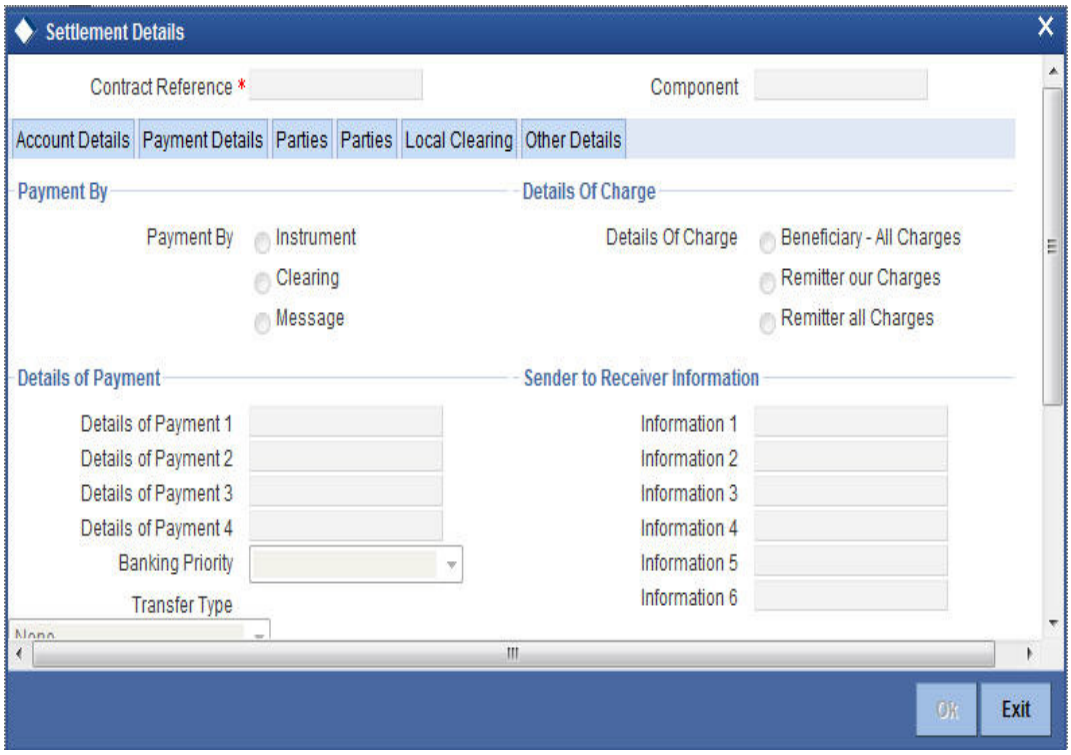
Give a brief description for the chosen component.

7.2.4.2 Verifying Signatures

Click 'Signature Verification' button to verify signatures for the transaction.

7.2.4.3 Message Details Tab

A Letter of Credit can be settled either in the form of an instrument or a Message (a SWIFT, TELEX or Mail message to be sent to the concerned party). The details regarding the instrument or message have to be specified in the 'Message Details' screen. The message details that you specify in this screen are applicable only for SWIFT. The type of SWIFT message that is generated depends on the parties involved in the LC.



Based on the method of settling the LC, you should input either Instrument or Message details.

Instrument Details

Specify the following details.

Instrument Type

If the payment is through an instrument, indicate the type of instrument. It could be Manager's Check, Check or a Demand Draft.

Number

Specify the number that will identify the instrument. This number will be printed on the instrument. If the settlement is through an instrument, the party details cannot be specified for the transfer.

Typically, an LC availment entails the debiting or crediting of the customer account, for the settlement amount. If the customer is being credited (in the case of your customer being the beneficiary, of the availment,) you may want to generate an instrument.

Details of Charges

Specify who should bear charges for the message. Choose one of the following options:

- Remitter all Charges
- Beneficiary all Charges
- Remitter our Charges

Message Details

For a SWIFT message, you have to specify the following.

Cover Required

Check this box to indicate that a Cover has to be sent to the Reimbursement Bank, along with the payment message to the receiver.

Details of Payment 1 to 4

Specify bank to bank payment details (these can be in the form of instructions or additional information to any of the parties involved in the transfer).

Sender to Receiver Information 1 to 6

Tag 72 will be used to specify the sender to receiver information. This tag is applicable to MT740 message type.

RTGS Payment

Check this box to indicate the payment mode is RTGS.

RTGS Network

Specify the RTGS Network used for the transaction.

Transfer Type

Specify the type of transfer. It can be any one of the following:

- Bank Transfer
- Customer Transfer
- Bank Transfer for own A/c
- Direct Debit Advice
- MCK
- None

Banking Priority

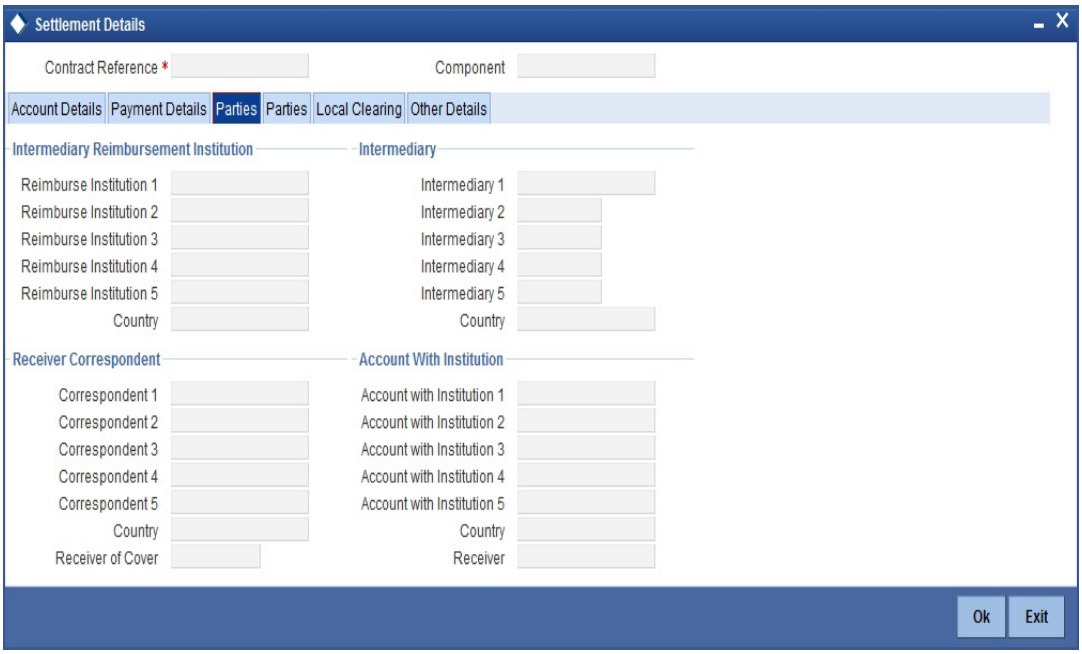
Indicate the priority for the payment. Choose any one of the following options:

- Highly Urgent Payments

- Urgent Payment
- Normal Payment

7.2.4.4 Parties Tab-1

To process an availment on an LC, the funds may have to pass through a series of banks, before it actually reaches the Ultimate Beneficiary. Through the Parties screen you can capture details of all the parties that are involved in the transfer of funds.



The details you enter in these screens depend on the type of LC being processed.

An Intermediary Reimbursement Institution is the financial institution between the Sender's Correspondent and the Receiver's Correspondence.

Reimburse Institution 1 to 5

Specify the institution through which reimbursement of the funds should take place.

Intermediary 1 to 5

The Intermediary in a LC refers to the financial institution, between the Receiver and the Account With Institution through which the funds must pass.

The Intermediary may be a branch or affiliate of the Receiver or the account with Institution or an altogether different financial institution. This field corresponds to field 56a of S.W.I.F.T. Here you can enter either the:

- ISO Bank Identifier Code of the bank
- Name and address of the bank

Receiver's Correspondent 1 to 5

The Receiver's Correspondent is the branch of the Receiver or another financial institution, at which the funds will be made available to the Receiver. This field corresponds to field 54a of SWIFT. You can enter one of the following:

- ISO Bank Identifier Code of the bank
- The branch of the Receiver's Correspondent
- Name and address of the Receiver's Correspondent

Account With Institution 1 to 5

An Account With Institution refers to the financial institution at which the ordering party requests the Beneficiary to be paid. The 'Account With Institution' may be a branch or affiliate of the Receiver, or of the Intermediary, or of the Beneficiary Institution, or an entirely different financial institution. This field corresponds to field 57a of SWIFT.

Receiver of Cover

You can enter one of the following:

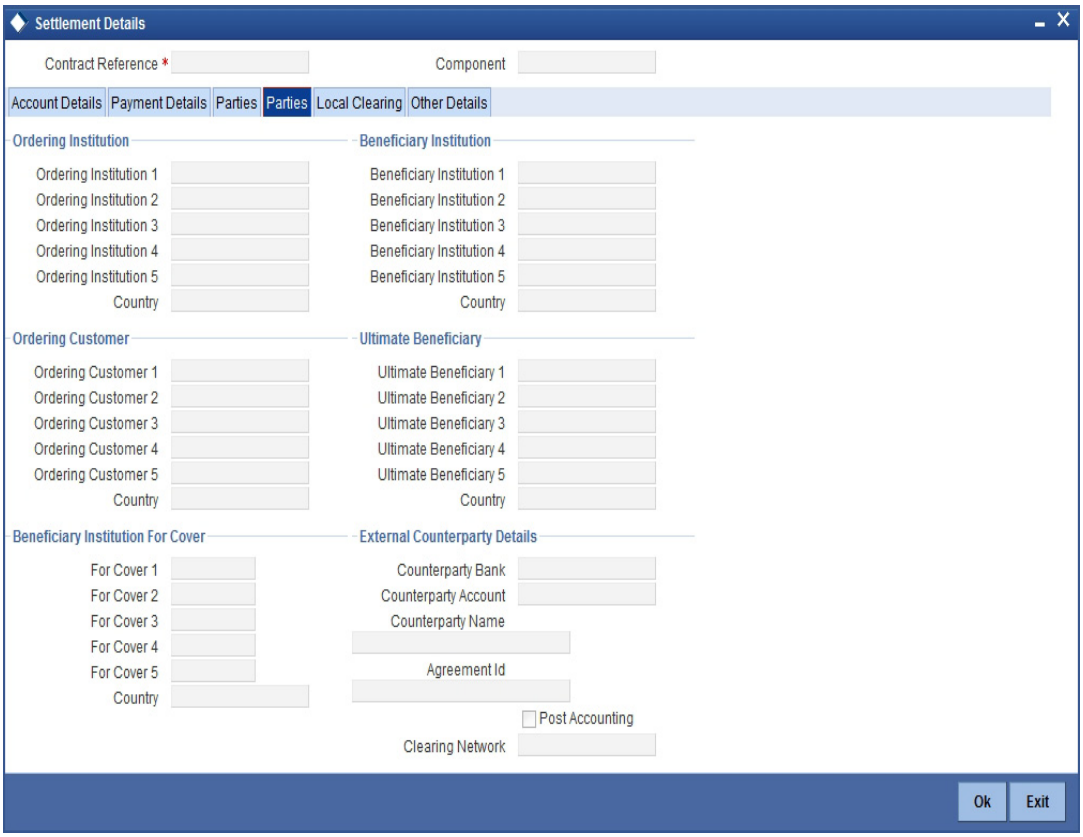
- ISO Bank Identifier Code of the bank
- The branch of the Receiver's Correspondent
- Name and address of the Receiver's Correspondent
- Other identification codes (for example, account number)

Receiver

The ID of the receiver in the transaction will be displayed. You can change the same.

7.2.4.5 Parties Tab-2

Click 'Parties' tab to capture party details.



You can capture the following details.

Ordering Institution 1 to 5

The Ordering Institution is the financial Institution that is acting on behalf of itself, or a customer, to initiate the transaction. This field corresponds to 52a of SWIFT.

In this field, you can enter one of the following:

- The ISO Bank Identifier Code of the Ordering Institution
- The branch or city of the Ordering Institution

- The Name and address of the Bank

Ordering Customer 1 to 5

The Ordering Customer refers to the customer ordering the transfer. Here you can enter the name and address or the account number of the Customer, ordering the transaction. This field corresponds to field 50 of SWIFT. You will be allowed to enter details in this field only if you have initiated a customer transfer (MT 100 and MT 102).

Beneficiary Institution 1 to 5

In this field you can enter details of the institution in favour of which the payment is made. It is in reality the bank that services the account of the Ultimate Beneficiary. This field corresponds to field 58a of SWIFT.

Entries into this field are permitted only for Bank Transfers (when the remitter and beneficiary of the transfer are financial institutions - MT 100 or MT 202). Here you can enter either of the following:

- The ISO Bank Identifier Code of the Beneficiary Institution
- The Name and Address of the Beneficiary Institution

Ultimate Beneficiary 1 to 5

The Ultimate Beneficiary refers to the Customer to whom the availment amount is to be paid. This field refers to field 59 of SWIFT. Entries into this field are permitted only for a customer transfer (MT 100 and MT 202). The number of banks involved in the transfer would therefore depend on the following:

- Relationships and arrangements between the sending and receiving banks
- Customer instructions
- Location of parties
- The banking regulations of a country

Beneficiary Institution For Cover 1 to 5

Select the institution in favor of which the payment is made, from the option list. If you click on the adjoining button, a notepad editor emerges. You can specify further details about the institution here..

Counterparty Bank

The clearing bank code here gets populated with the value specified in the contract screen. However you can change it. Select the relevant clearing bank code from the adjoining option list.

Counterparty Account

Specify the counterparty account. All the counterparty accounts pertaining to the selected Counterparty Bank will appear for selection in the adjoining option list. On selecting the Counterparty Account, the system will default the Counterparty Name as maintained for that account.

If at the time of selecting Counterparty Account, Counterparty Bank is Null, then the Counterparty Bank will also appear by default.

Counterparty Name

Specify the name of the counterparty.

Agreement Identification

For processing direct debits on transactions you will also need to capture the Agreement ID of the counterparty in order to facilitate a cross-referencing between the contract payment and the direct debit instruction when a reversal of payment is carried out due to rejection of the outbound DD.

Specify the Agreement ID in this field. Typically, you will need to specify this only for the Receive leg. This field is disabled for the Pay leg.

Clearing Network

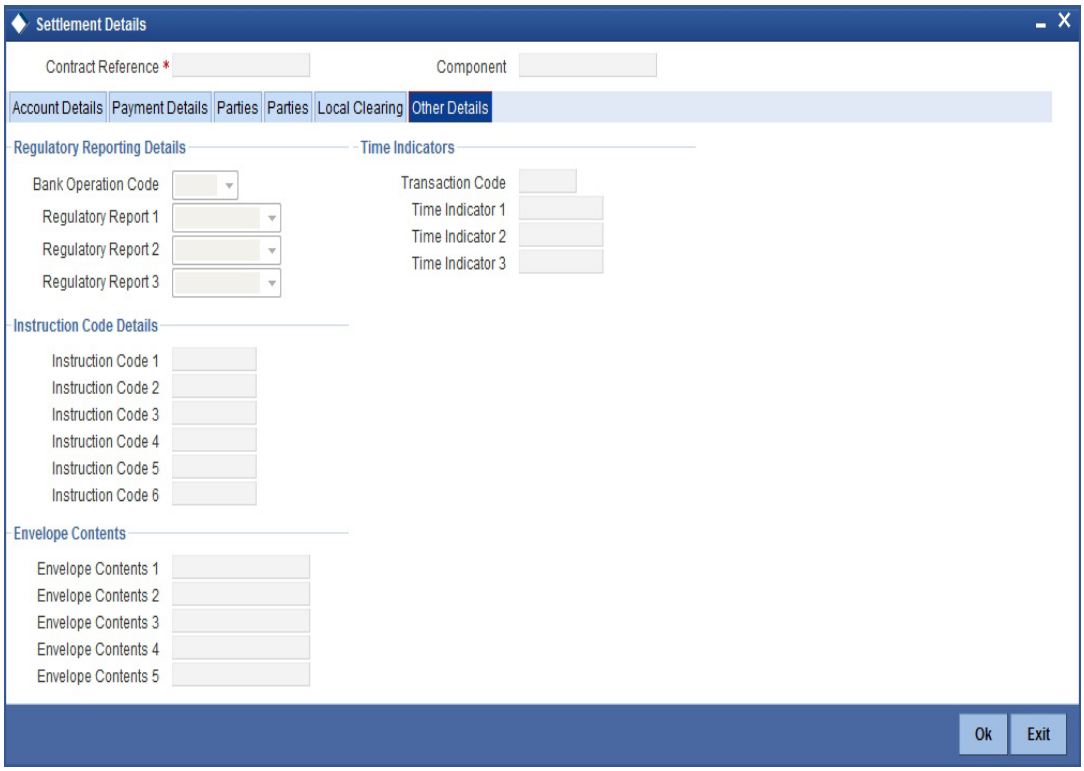
Specify a clearing network during settlement instruction maintenance for the Pay Leg.

Post Accounting

Check this option to indicate that accounting entries maintained for the product should be posted.

7.2.4.6 Clearing Details Tab

Click 'Clearing Details' tab to invoke the following screen.



Specify the following details.

Bank Operation Code

Select the bank operation code that should be inserted in field 23B of an MT103 message, from the adjoining drop-down list. The list contains the following codes:

- SPRI
- SSTD
- SPAY
- CRED

This specification is defaulted from the settlement instructions maintained for the customer, currency, product, branch and module combination. However, you can change it.

Transaction Code

The transaction code maintained in the settlement instructions is defaulted here. However, you can change the code.

Regulatory Report 1 to 3

Select the Regulatory Reporting Details from the drop-down list displaying the following values:

- /BENEFRES/
- /ORDERRES/

Time Indicator 1 to 3

Time Indication, specifies one or several time indication(s) related to the processing of the payment instruction. Select the time indication code from the following values available in the option list:

- /CLSTIME/ - Time by which funding payment must be credited, with confirmation, to the CLS Bank's account at the central bank, expressed in CET.
- /RNCTIME/ - Time at which a TARGET payment has been credited at the receiving central bank, expressed in CET
- /SNDTIME/ - Time at which a TARGET payment has been debited at the sending central bank, expressed in CET

Instruction Code 1 to 5

Select the instruction code that should be inserted in field 23E of an MT103 message involving the customer of the contract, from the adjoining drop-down list. This list contains the following codes:

- CHQB
- TELE
- PHON
- PHOI
- REPA
- INTC
- TELI
- SDVA
- PHOB
- TELB
- HOLD
- CORT
- BONL

This specification is defaulted from the settlement instructions maintained for the customer, currency, product, branch and module combination. However, you can change it.

Description

Specify additional information that should be inserted to qualify the Instruction Code in field 23E of an MT103 message involving the customer of the contract. For instance, if the Instruction Code is REPA and the description is "Repayment" then the text ‘REPA/ Repayment’ will be inserted in Field 23E. You can give a description for the following instruction codes only:

- PHON
- PHOB
- PHOI
- TELE
- TELB

- TELI
- HOLD
- REPA

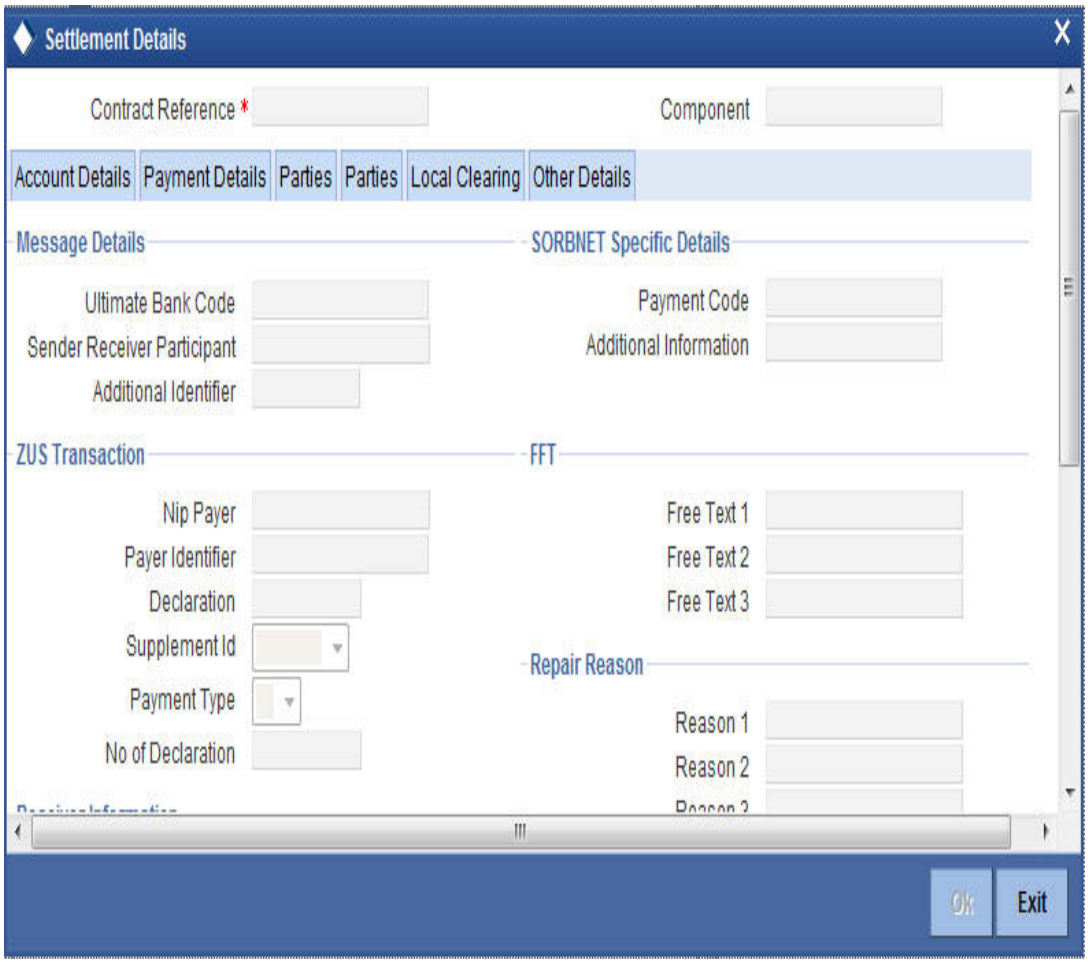
This specification is defaulted from the settlement instructions maintained for the customer, currency, product branch and module combination. However, you can change it.

Envelope Contents 1 to 5

Specify details of envelope contents, if required.

7.2.4.7 Local Clearing Tab

Click 'Local Clearing' tab to invoke the following screen.



Specify the following details:

Message Details

Specify the following details.

Ultimate Bank Code

Specify the bank code where the ultimate beneficiary account rests.

Sender Receiver Participant

Specify the sender receiver participant name.

Additional Identifier

Specify the additional identifier.

Sorbnet Specific Details

Specify the following details.

Payment Code

Specify the Sorbnet payment code.

Additional Information

Specify additional information if required.

ZUS Transaction

Specify the following details.

Nip Payer

Specify the Nip payer.

Payer Identifier

Specify the payer identifier.

Declaration

Give a declaration for the payment.

Supplement Identification

Select the supplement identification from the adjoining drop-down list.

Payment Type

Select the payment type from the drop-down list.

Number of Declaration

Specify the number of declaration.

Sender Receiver Information 1 to 6

Include any message that the sender wishes to pass on to the receiver as part of the funds transfer.

Free Text 1 to 3

Specify the free text for settlement messages.

Additional Information 1 to 4

Specify additional information for settlement messages.

Receiver Information

Specify the following details.

Receiver Name

Specify the name of the receiver.

Address 1 to 3

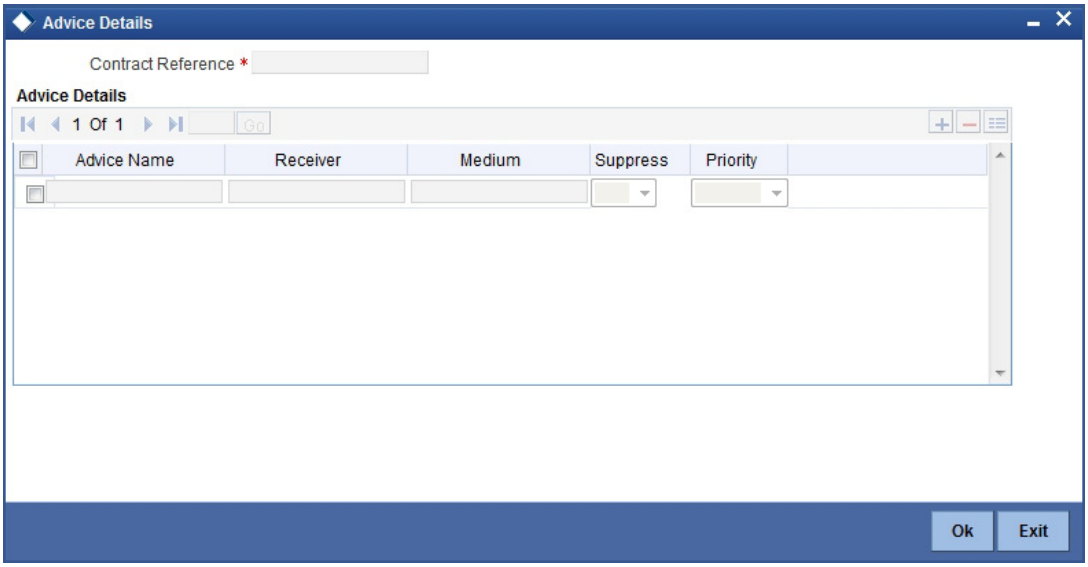
Specify the receiver's address.

Repair Reason 1 to 4

Specify the repair reason.

7.2.5 Viewing Advice Details

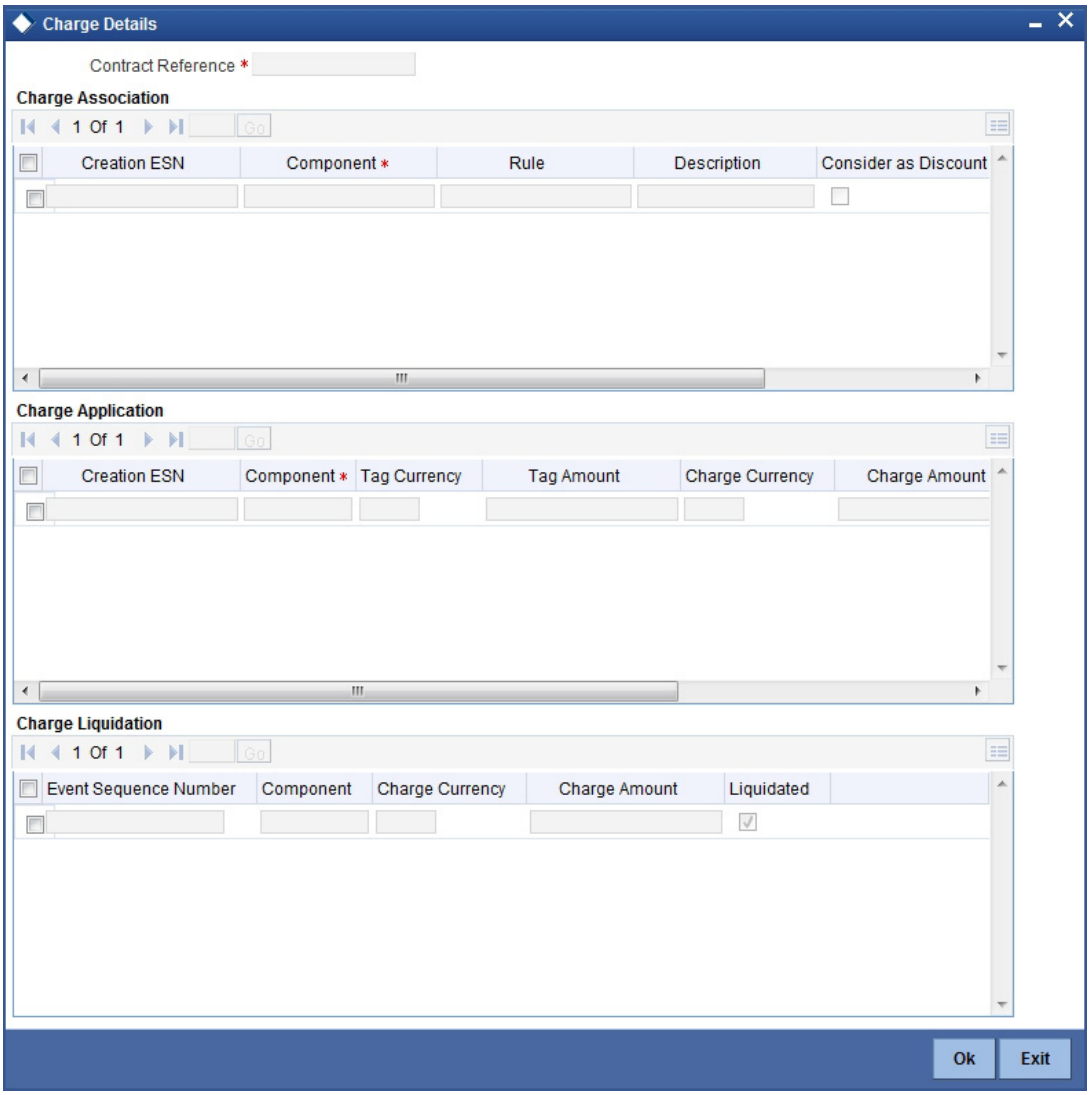
Click ‘Advices’ button and invoke the ‘Advice Details’ screen.



You can view advices generated for the contract during availment.

7.2.6 Specifying Charge Details

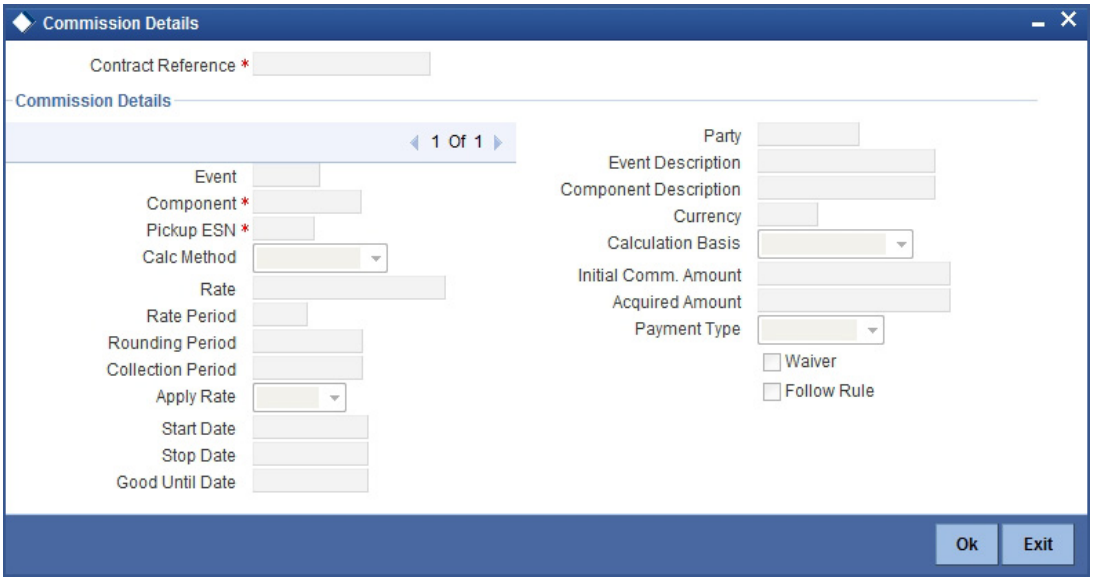
Click ‘Charges’ button and invoke the ‘Charge Detail’ screen.



Refer the Charges and Fees User Manual under Modularity for further details about charge maintenance.

7.2.7 Specifying Commission Details

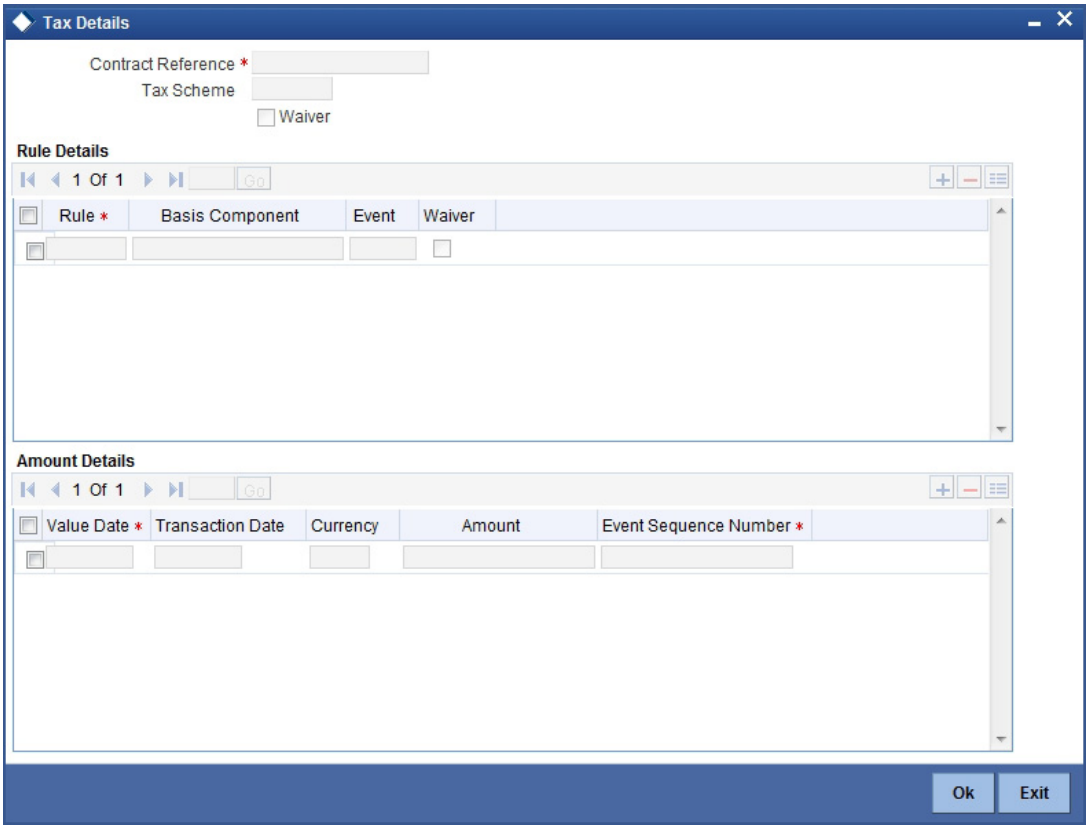
Click ‘Commission’ button and invoke the ‘Commission Details’ screen.



Refer the Commission User Manual under Modularity for further details about commissions processing.

7.2.8 Specifying Tax Details

Click ‘Tax’ button and invoke the ‘Tax Details’ screen.



Refer the Tax User Manual under Modularity for further details about tax processing.

7.2.9 Authorizing Availment

An availment that you have entered should be authorized before the EOD is run. You can authorize the same by clicking the 'Authorize' icon on the Application toolbar.

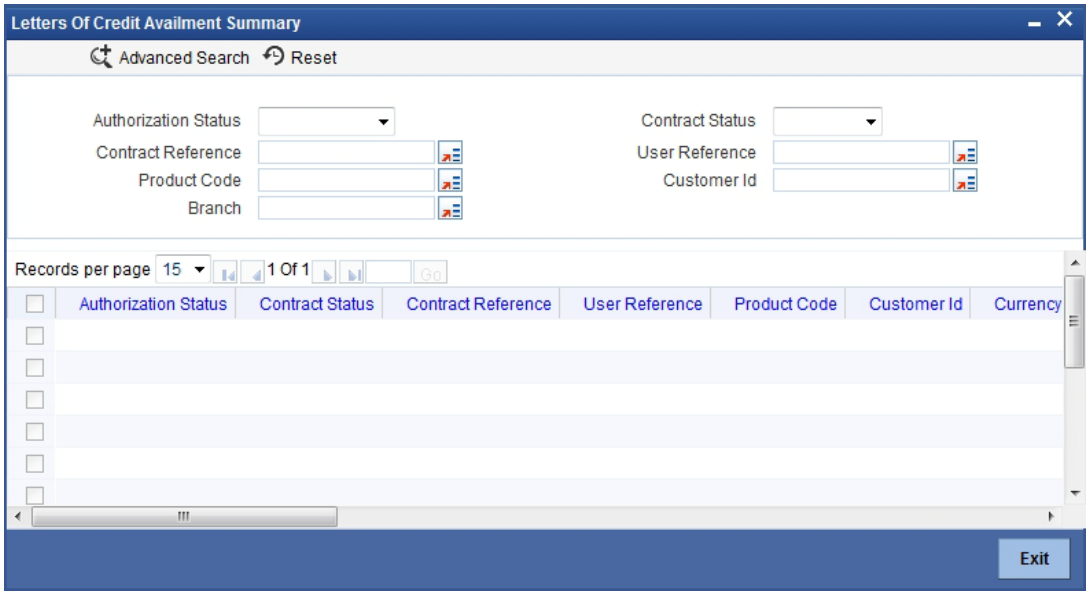
Note

You cannot authorise an availment from the 'Letters of Credit Availment Input' screen in the following cases:

- the contract has multilevel of authorization pending, the same will be done using the 'Multilevel Authorization Detailed' screen
- the level of authorization is greater than or equal to 'N'
- the 'Nth' or the final level of the users authorisation limit is less than the difference between amount financed and sum of the limits of all the users involved in authorizing a transaction, this case holds good when the 'Cumulative' field is checked in the 'Product Transaction Limits Maintenance' screen
- the transaction amount is greater than the authoriser's authorisation limit if the 'Cumulative' field is unchecked in the 'Product Transaction Limits Maintenance' screen

7.3 Viewing LC Availed

You can view the LC availed using 'Letters of Credit Contract Summary' screen. To invoke this screen, type 'LCSAVMNT' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.



You can click 'Search' button to view all the pending functions. However, you can to filter your search based on any of the following criteria:

Authorized

Select the authorization status of the contract from the drop-down list.

Contract Reference

Select the contract reference number from the option list.

Product Code

Select the product code from the option list.

Branch

Select the branch code for which you want to check the contract from the option list.

Contract Status

Select the status of the contract for which you want to check the pending function from the drop-down list.

User Reference

Select the user reference number from the option list..

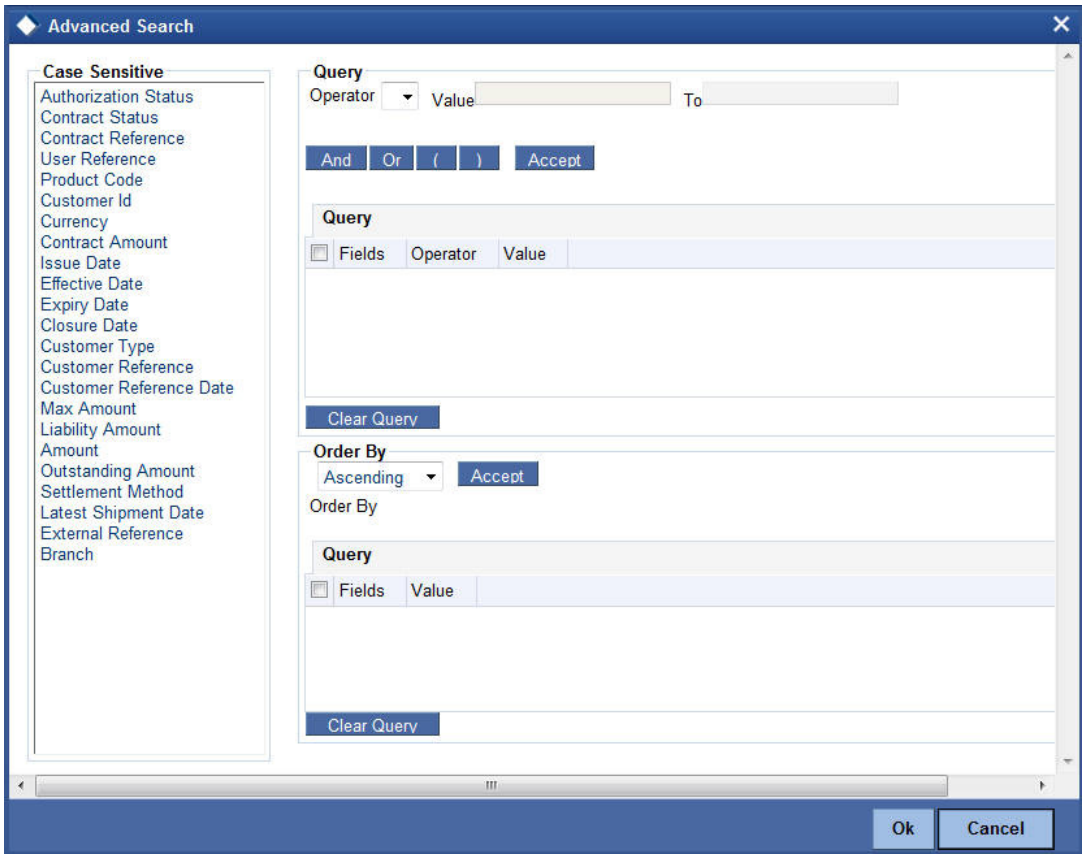
Customer Identification

Select the customer identification number from the option list..

When you click ‘Search’ button the records matching the specified search criteria are displayed. For each record fetched by the system based on your query criteria, the following details are displayed:

- Authorized
- Contract Status
- Contract Reference
- Product Code
- Currency
- Contract Amount
- User Reference
- Source Reference
- Date
- Party Type
- Issue Date
- Expiry Date
- Branch

Click ‘Advanced Search’ to display the screen below:



You can query a contract based on any of the following details:

- Currency
- Contract Amount
- Issue Date
- Effective Date
- Expiry Date
- Closure Date
- Customer Type
- Customer Reference
- Customer Reference Date
- Max Amount
- Liability Amount
- Amount
- Outstanding Amount
- Settlement Method
- Latest Shipment Date
- External Reference Number
- Branch

8. Amending Details of LC

8.1 Introduction

An amendment to an LC signifies any change made to the terms of an LC after it has been authorised. An amendment can be made at anytime after an LC has been authorised and before its expiry date.

The following are some examples when you would amend the details of an LC:

- You as the issuing bank have got an application from your customer to change the terms of the LC.
- You as the advising bank have received instructions from the issuing bank to amend an LC advised by you.

8.2 Procedure for Amending LC

While in the detailed view of the LC, click unlock icon on the toolbar. All the details entered for the LC will be displayed. You can amend the details of the contract depending on whether:

- The LC has been authorized
- The LC has not been authorised even once after it was input

Depending on the authorisation status of an LC contract, you can amend its details as follows:

- When you have captured the details of a contract and it is not yet authorized, its attributes, financial as well as non-financial, can be changed, even if the details have been saved. If accounting entries are involved in the change, the old entries are deleted and new ones passed.
- Once a contract has been authorised, additional entries will be passed, depending on the nature of amendment.

For each amendment, a new version of the LC will be generated. Different versions of the LC will also be generated by events like reinstatement and reopening. In the 'Contract Detailed View' screen, you can view the different versions by clicking the arrow buttons for the previous and the next versions.

When a customer requests for changes in the terms of the contract, the details of the LC are amended accordingly and an amendment instrument is generated. The amendment of the following details of an LC, result in the generation of an amendment instrument:

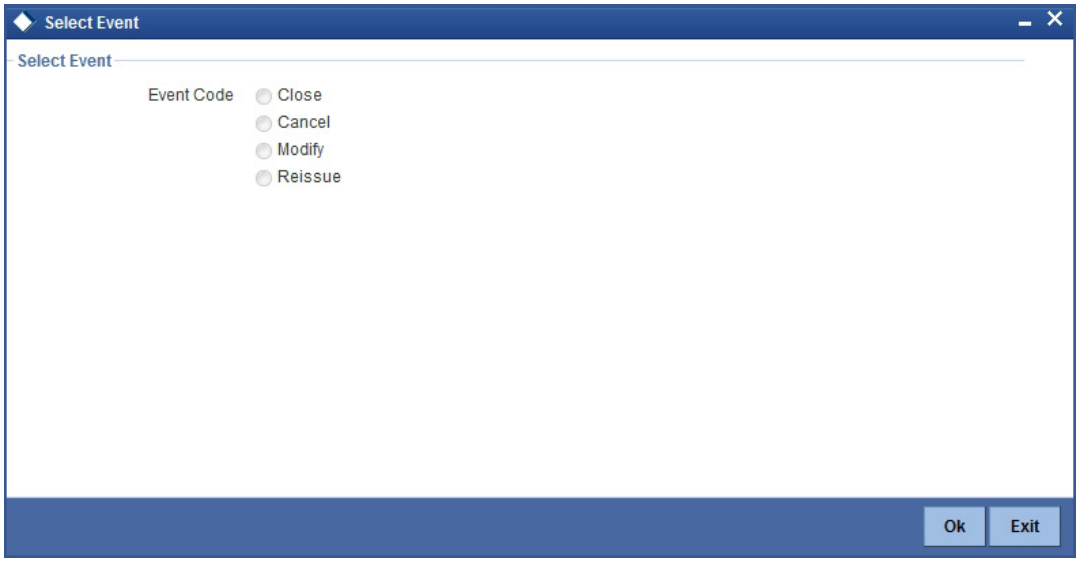
- An amendment in the LC amount
- An amendment in the expiry date
- A change in the latest shipment date
- Any change to the free format instructions for the LC

If there are changes in the terms of the LC other than IN the amount, the expiry date or latest shipment date, indicate the same in the form of a free format instruction, for the amendment instrument.

Note

If you modify the shipment date, the system will recalculate the shipment days on confirmation of the amendment.

In case of amendment, you have the option to reissue the Guarantee. If you choose to do so, the REIS (Reissue of Guarantee) event will be triggered. The system checks for any previous amendment. In case no amendment has been performed, the system will pop up the following screen:



Click on OK to reissue the Guarantee or click on Cancel to process the amendment of Guarantee.

The system checks if REIS event is maintained for the product. If the event is maintained, the system does not allow any further change in the LC contract details apart from FFT fields, which can be modified/added but you cannot delete the existing data.

The system creates a new version for the Reissue event and the event inherits all the contract information defined for the authorized BISS event. The version also inherits the information from the subsystem excluding Charges and Commission. No commission is associated with the Reissue event and charges can be maintained for the REIS event, which is processed along with the reissue event.

When the Reissue event is authorized, the advices maintained in the REIS event are processed.

8.2.1 Indicating Change of Value for a Field

When the LC amount is being changed, the new amount of the LC should be indicated after the amendment.

For example the original LC amount was USD 100,000 and you want to make it USD 150,000. In the LC amount field, during amendment, enter the amount as USD 150,000. The system will calculate the increase in amount and pass the appropriate entries. The LC amendment instrument will have both the old and new values.

The original LC amount was USD 100,000 and you want to change it to USD 75,000. In the LC amount field, during amendment, enter the amount as USD 75,000. The system will calculate the decrease in amount and pass the appropriate entries. The LC amendment instrument will have both the old and new values.

When you are changing the expiry date or the latest shipment date, you should enter the new date in their respective fields.

8.2.2 Commission and Charges for Amendment

While amending the details of an LC, you can specify the commissions and charges that you want to levy for processing the amendment. These will be effective from the date of amendment. It will not affect the booking commission in any way.

Refer to the Commissions User Manual for details on how commission is calculated, for an amendment.

8.2.3 Amendment of an Unauthorized LC

The amendment of an unauthorised LC is considered as a modification. When an LC that you have entered is not yet authorized, you can change all its details except the details in the header (contract reference number, the product and type of operation). To change any detail on an LC that has been stored and not authorised, delete the LC and input a new one.

After amending the details of the unauthorised LC, save the contract with the new information. On saving the amendment, all the accounting entries that were passed during the input of the contract and the earlier accounting entries specified for the LC, will be deleted. A fresh set of accounting entries will be passed for the amended LC contract.

As the advices to be generated for an LC, are generated only at the time of authorisation, no action needs to be taken regarding messages.

For an unauthorized LC Contract which has never been authorized, it is recommended to amend the following fields from the ‘Amendment Confirmation’ screen. However, for an unauthorized LC contract you can amend the following fields by clicking the ‘P’ button located next to the ‘Product Code’ field in the ‘Letters of Credit Amendment Confirmation Input’ screen.

The system will not allow you to amend the following fields in the ‘LC Contract’ screen:

- Their Reference Number for Party Types ABK, BEN, COB and ISB (in the ‘Parties’ tab)
- Issue Date (in the ‘Main’ tab)
- Expiry Date (in the ‘Main’ tab)
- LC Amount (in the ‘Main’ tab)
- You can edit this field for an unauthorised LC Contract which has never been authorised by clicking ‘P’ button located next to the ‘Product Code’ field in the ‘Letters of Credit Amendment Confirmation Input’ screen.
- Positive and Negative Tolerance (in the ‘Main’ tab)
- Additional Amount Covered message (in the ‘Others’ tab)
- Shipment From (in the ‘Ship/Docs’ tab)
- Shipment To (in the ‘Ship/Docs’ tab)
- Port of Loading (in the ‘Ship/Docs’ tab)
- Port of Discharge (in the ‘Ship/Docs’ tab)
- Latest date of shipment (in the ‘Ship/Docs’ tab)
- Shipment period (in the ‘Ship/Docs’ tab)
- Sender to receiver information (in the ‘Parties’ tab)

However, you can amend the above fields in the ‘Amendment Confirmation’ screen. This screen is explained in the following section.

For an unauthorized LC Contract which has never been authorized, it is recommended to amend the above fields from the ‘Amendment Confirmation’ screen. However, for an unauthorized LC contract you can amend the above fields by clicking the ‘P’ button located

next to the ‘Product Code’ field in the ‘Letters of Credit Amendment Confirmation Input’ screen.

The ‘Amendment Confirmation’ screen is explained in the following section.

8.2.4 Amending Import Pre-advice LC Contract

Oracle FLEXCUBE facilitates amendment of Import Pre-Advice LC. You can amend an import pre-advice in two ways.

1. If the applicant approaches Issuing Bank for changes in values for a Pre-advice LC, which was created early.

   The system enables you to modify both financial and non-financial values of the Pre-advice LC, including the fields enabled for Operative Import LC.

2. If the applicant approaches Issuing Bank with Document credit details and wishes to change pre-advice LC to an operative LC. The issuing bank amends the existing Pre-advice LC as an operative LC.

   The additional details which were not entered while booking a Pre-advice LC have to be specified. You can modify LC Amount, Expiry Date, Credit Line and Collateral Amount. When LC amount is modified, the system will track additional limit and reduction of limit based on the increase or decrease of the amount, respectively.

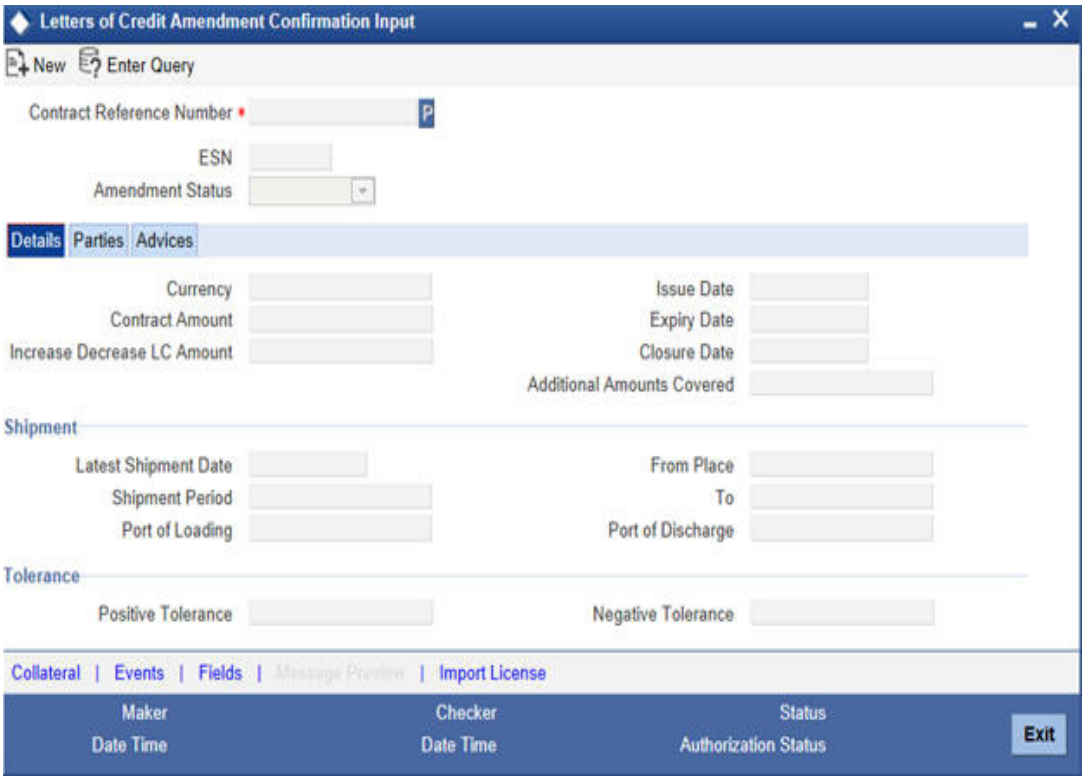
Note

You can amend a pre-advice LC contract using ‘Letters of Credit Contract Details’ screen.

8.3 Confirming LC Amendment

The option to amend these fields is also available in the ‘Letters of Credit Amendment Confirmation Input’ screen. However, the amendments will become effective only upon receiving the confirmation from the beneficiary.

You can invoke this screen by typing ‘LCDAMEND’ in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. The screen will be displayed without any details, as shown below:



You can specify the following details:

Contract Ref No

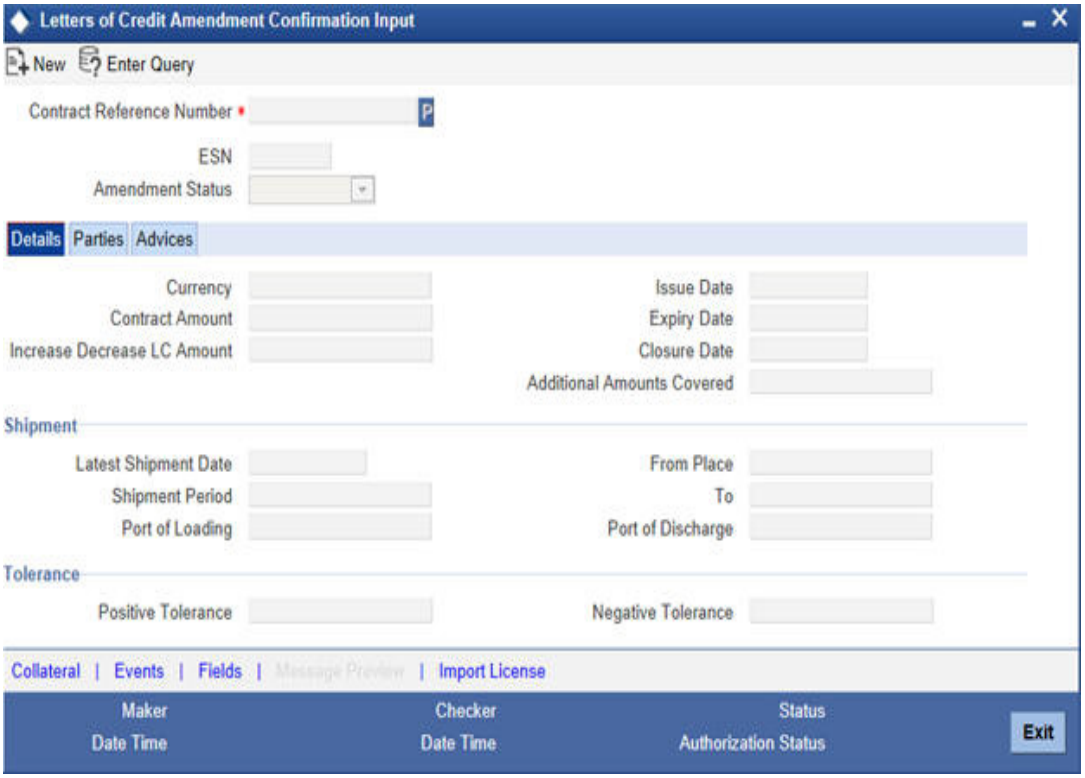
Select the reference number of the contract to be amended from the option list provided. This option list will display all contracts that are authorized.

Once you have specified the contract reference number, click ‘P’ button. The system displays the details of the contract under three tabs viz. Details, Parties and Advices.

8.3.1 Details Tab

Under ‘Details’ tab, you can view and modify the details pertaining to shipment and tolerance of the letter of credit.

Click ‘Details’ tab on ‘Letters of Credit Amendment Confirmation Input’ screen.



Upon selection of the contract, the following details will be displayed in editable mode:

- Version Number
- Contract Amount - The amount that is availed under the LC
- Currency – The contract currency
- Issue Date - The date on which the LC is issued. You cannot specify a future date here
- Expiry Date - The date on which the LC is scheduled to expire
- Closure Date – This the date LC is scheduled to be closed. You can modify this particular value.
- Increase Decrease of LC Amount - A display field which indicates the amount of LC increased or decreased, as the case may be
- Additional Amounts Covered - This indicates the value to be carried in field 39C of the SWIFT messages MT700 and MT740
- Latest Shipment Date - The last date by which the shipment of the goods has to take place. This date should not be earlier than the Issue Date of the LC or later than the expiry date. If you modify the latest shipment date, the system will recalculate the shipment days on confirmation of the amendment.
- Shipment Period - The extension of the shipping period. You can enter the Shipment Period only if you have not specified the Latest Shipment Date
- Port of Loading – The port from where the goods transacted under the LC will be loaded
- Port of Discharge – The destination port to which the goods transacted under LC should be sent
- From Place - The place from where goods are to be dispatched or transported
- To Place - The final destination to which goods are to be transported/delivered
- Positive Tolerance % - The percentage that is to be added to the LC amount to arrive at the Maximum LC amount
- Negative Tolerance % - The percentage that should be subtracted from the LC amount

- Party details in the ‘Parties’ tab of the screen – You can amend ‘Their Reference Number’ and the ‘Dated’ fields values only.
- Free Format Text details in the ‘FFT’ tab of the screen

Make the necessary amendments. Save the changes. To save, click save icon in the toolbar of the screen.

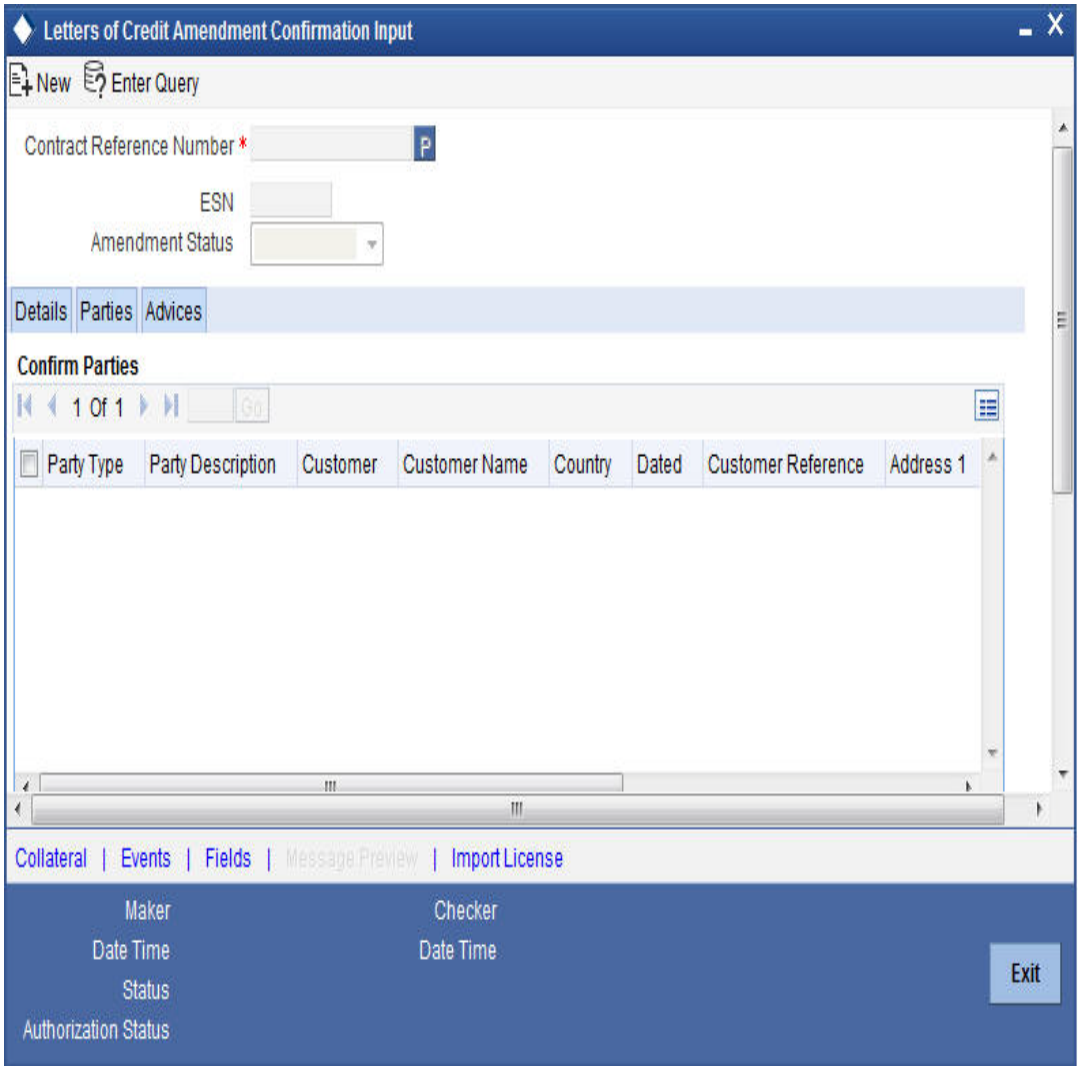
The system will update the following details in the audit trail of the screen:

- Input By – Your login id
- Date Stamp – The date and time at which you saved the contract
- Amendment Status – The status will always be ‘Unconfirmed’
- Auth Status – The status will always be ‘Unauthorized’

For details on the amendable fields, refer the chapter ‘Processing an LC contract’ in this User Manual.

8.3.2 Parties Tab

Click the ‘Parties’ tab to view and specify the following details:



Confirm Parties

Party Type

The system defaults the party type. The user can edit the party type using the adjoining option list that displays all the party types available for the LC..

Customer

The system defaults the customer number. However, you can modify it.

Customer Name

The system defaults the customer name. However, you can modify it.

Country

The system defaults the country of the customer. However, you can modify it.

Party Description

The system defaults the party description. However, you can modify it.

Dated

The system defaults the date on which the party joined. However, you can modify it.

Customer Reference

The system defaults the customer reference number. However, you can modify it.

Address 1 to 4

The system defaults the address of the party.

Language

The system defaults the language in which advices are sent to the customer.

Issuer Bank

The system defaults the name of the issuer bank.

Other Addresses

Media Type

The system defaults the media type. You can select a different medium from the adjoining option list.

Address

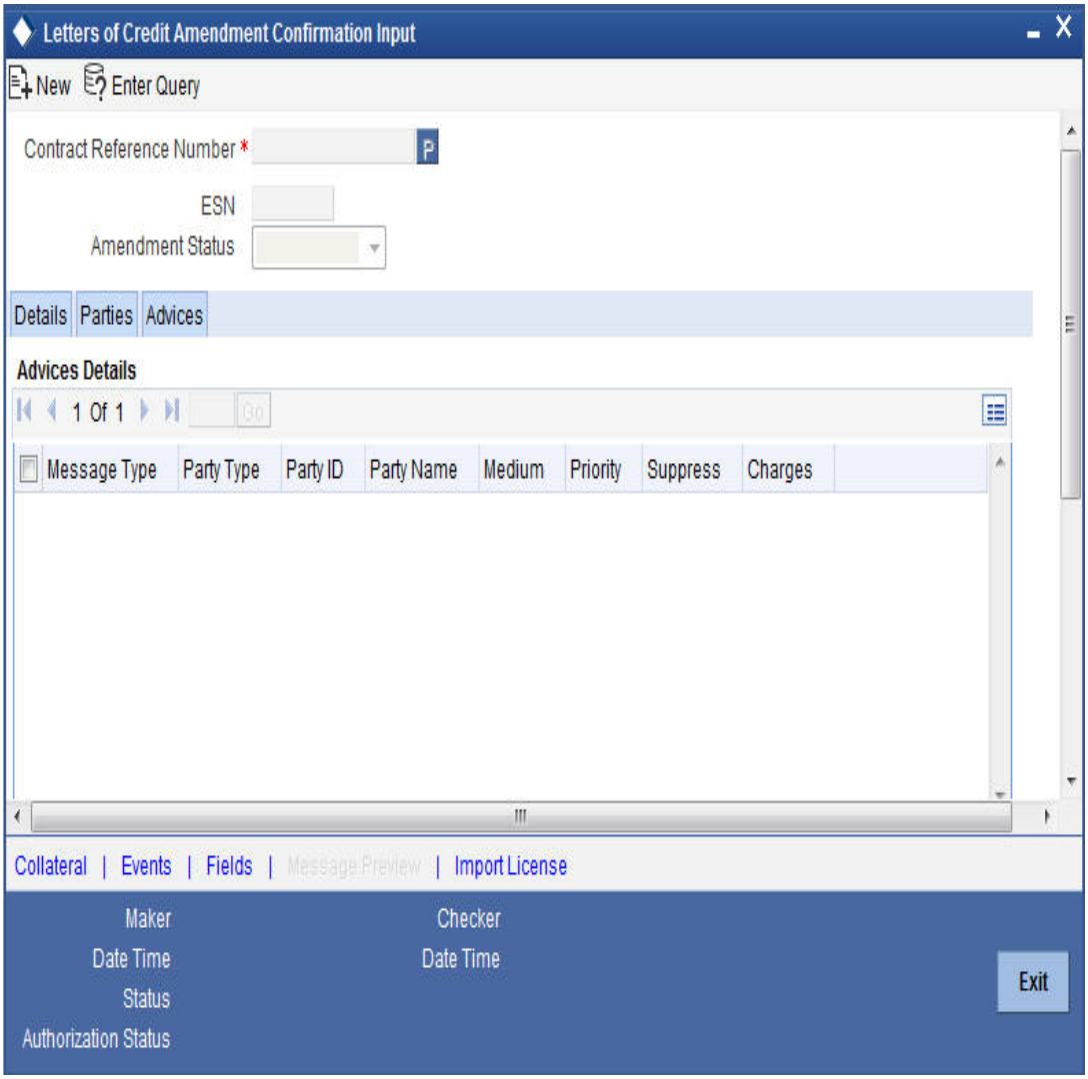
The system defaults the other address of the party. However, you can edit this field.

Account

The system defaults the account number. However, you can edit this field.

8.3.3 Advices Tab

Click the ‘Advices’ tab to view and specify the following details:



Advices Details

Message type

Check the box to view the advice details.

Party type

The system displays the party type for which the advice is generated.

Party Id

The system displays the party id for which the advice is generated.

Party Name

The system displays the name of the party for which the advice is generated.

Medium

The system displays the medium through which the advice is sent. The user can select a different medium from the list. If the medium is modified, the user must provide the new address in the ‘Other Addresses’ section, in the ‘Parties’ tab.

Priority

The system displays the priority of sending the advice. However, you can change the priority.

Suppress

The system displays if the advice is suppressed or not. However, you can edit this field.

Charges

The system displays the charges involved. However, you can edit the charges.

FFT Details

The user can select a message from the 'Advices Details' section and associate a code and a description to it.

Code

The user can select the appropriate code from the adjoining option list.

Description

The system displays the description of the selected code. However, you can modify this description.

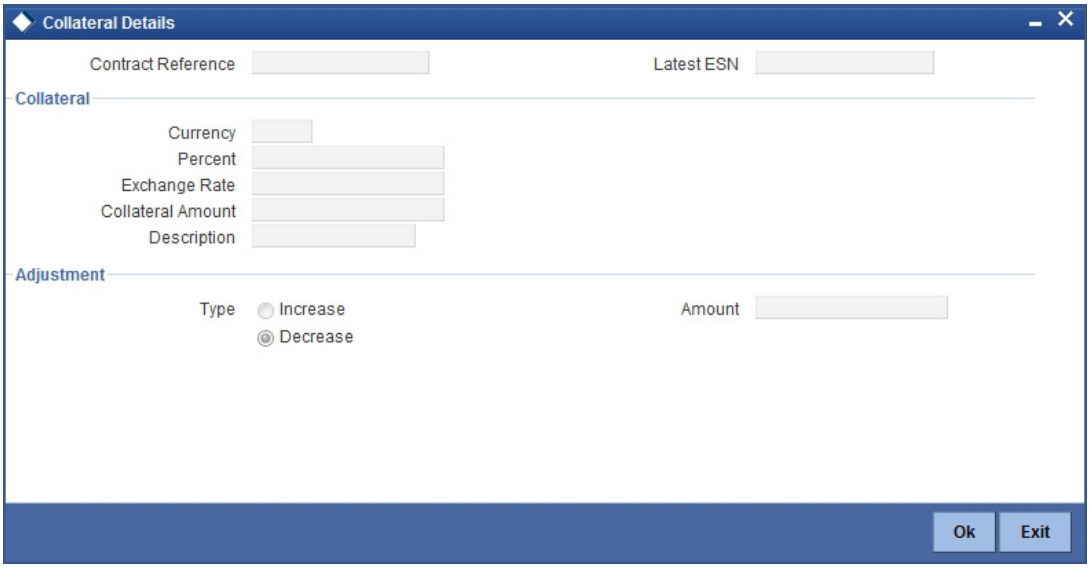
Note

Advices for a party are sent to the default media maintained in the Customer Addresses table. However, you can send the advices through a different medium by doing the following:

- Maintaining media details in 'Other Address' in Parties screen
- Indicating the medium in the Advices screen
- Suppressing the Advices which is 'N' by default.

8.3.4 Specifying Collateral Details

You can invoke the 'Collateral Details' screen by clicking the 'Collateral' button in the 'Letters of Credit Amendment Confirmation Input' screen. In the screen, you can specify details of the cash that you collect as collateral form a customer for the LC that you process.



Specify the following details here. You will be allowed to amend the percentage, collateral amount, and adjustment type.

Contract Reference Number

The contract reference number is displayed here.

Latest Event Sequence Number

The system displays the event sequence number.

Collateral

Currency

The currency is displayed here.

Percent

The percentage is displayed here. However, you can modify it. An override message will be displayed when you modify the percentage.

Exchange Rate

The exchange rate is displayed here.

Collateral Amount

The collateral amount is displayed here. However, you can modify it. An override message will be displayed when you modify the collateral amount.

Description

The amount description is displayed here.

Adjustment

Type

Choose ‘increase’ if you want to increase the percentage of the collateral amount or ‘decrease’ to decrease the percentage of the collateral amount.

Amount

The new amended amount after calculation is displayed here.

Note

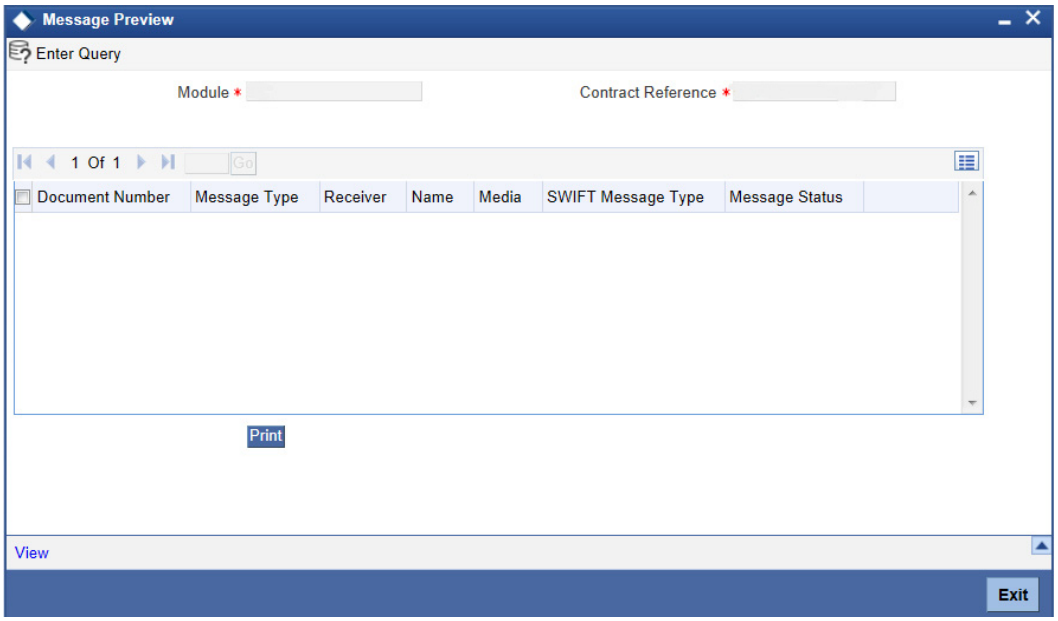
The system prompts override messages:

- If the LC expiry date is later than any linked collateral’s expiry date.
- If the LC expiry date extended as part of amendment is later than any limit line’s expiry date.

The system will validate when a new limit line is attached during actions other than New.

8.3.5 Previewing Messages

You can preview the messages or advices that will be generated for the contract using ‘Message Preview’ screen. To invoke this screen, click ‘Message Preview’ button on ‘Letters of Credit Amendment Confirmation Input’ screen.

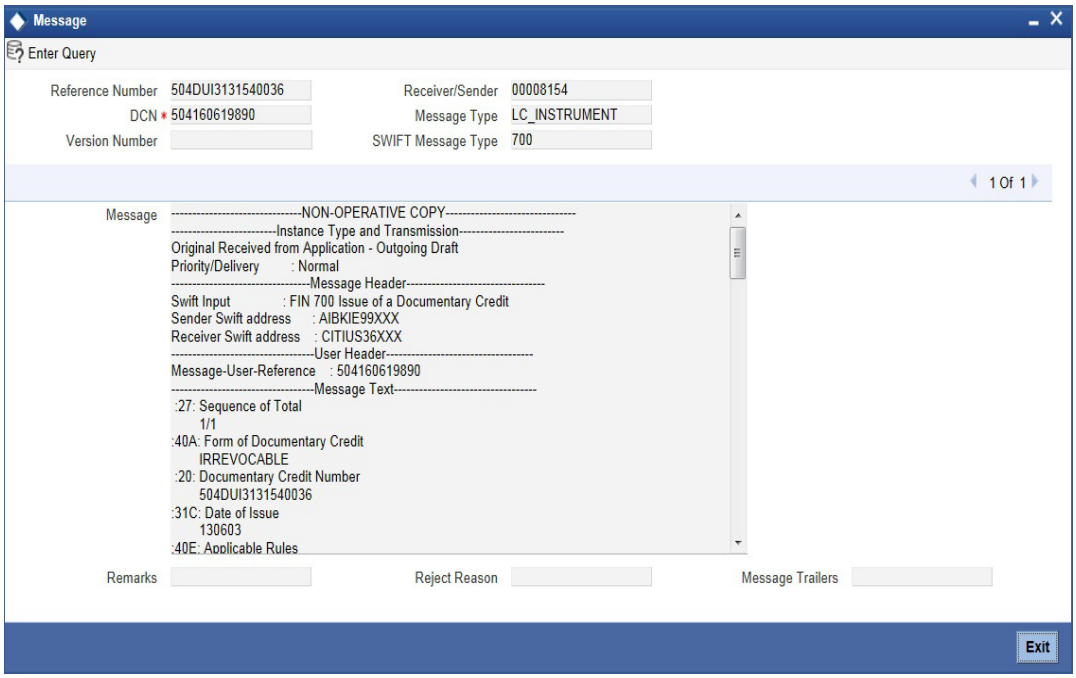


For the contract, you can view the following details of the messages:

- The document number generated for the message/advice
- Type of message generated for the event
- Customer ID of the receiver of the message/advice
- Name of the receiver of the message/advice
- Media of transmitting the message/advice (Mail/SWIFT)
- SWIFT message type of the message
- Status of the message/advice

8.3.5.1 Viewing Message/Advice

Select a message/ advice and click ‘View’ button to view the complete message/advice. The system will display the following details in a new window.

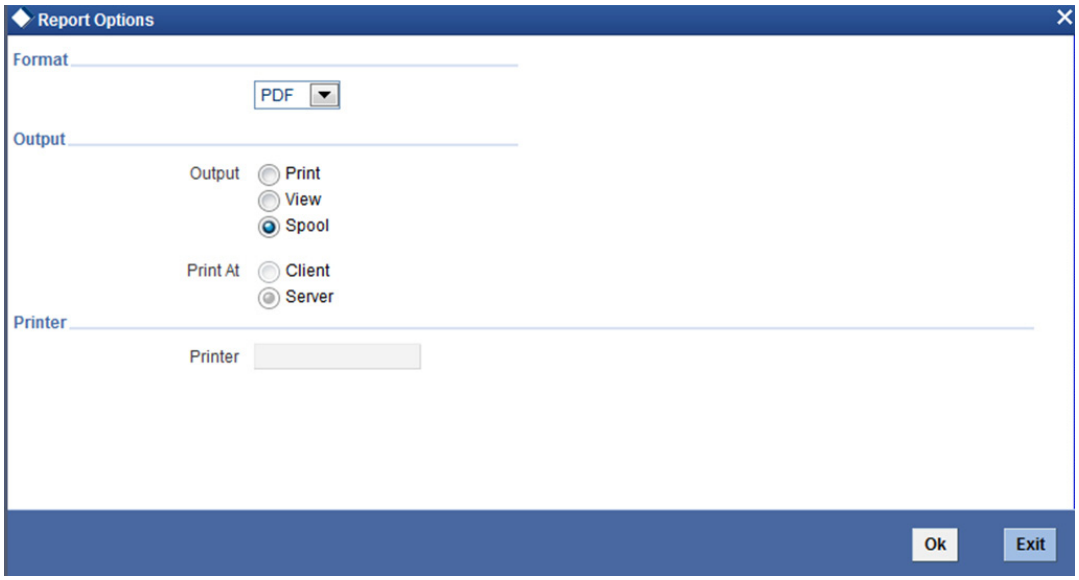


You can view the following details:

- Reference number of the message/advice
- Document number generated for the message/advice
- Version number of the message/advice
- Complete text of the message/advice
- Remarks, if any
- Reject reason, if any
- Message trailer

8.3.5.2 Printing and Spooling Message/Advices

From the ‘Message Preview’ screen, you can print or spool a message/advice using ‘Report Options’ screen. Select the message/advice and click ‘Print/Spool’ button. The system displays the following screen.



Specify the following details:

Format

Select the format in which the message/advice needs to be printed. You can select one of the following options:

- HTML
- RTF
- PDF
- Excel

Output

Select the output type. You may print, view or spool the message/advice.

Print At

Specify whether the message will be printed at the server or client.

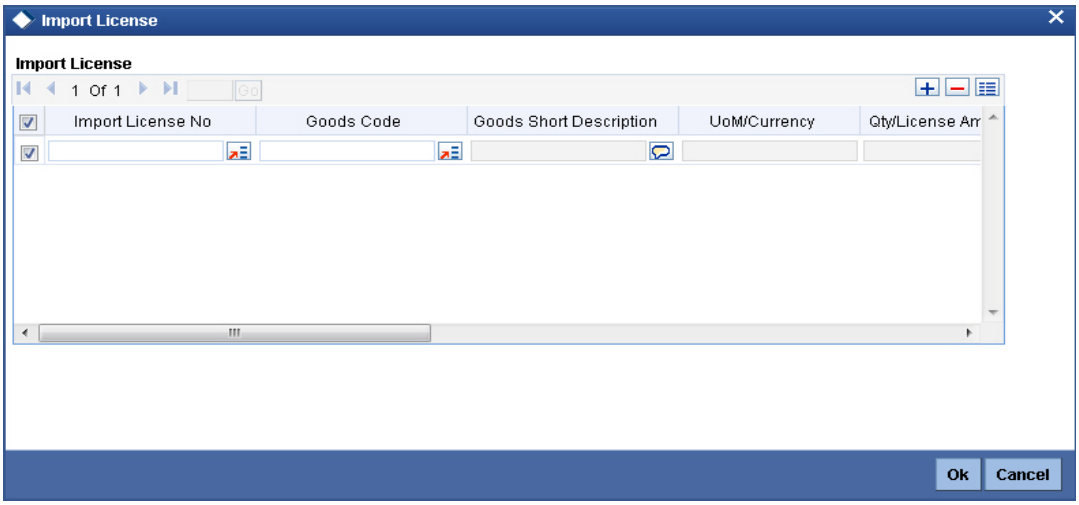
Printer

Specify the path and the name of the printer.

Set the print options and click ‘OK’ button to print or spool the message/advice.

8.4 Utilizing Import Licenses

You can link the import license to an import LC contract and update the utilization amount or quantity for the linked import licenses. Click on 'Import License' to invoke the import license screen.



Import License No

Select the import license number from the adjoining option list.

Goods Code

Select the goods code from the adjoining option list.

Goods Short description

The system displays the goods code description maintained in the 'Bills and Collections Commodity Code Maintenance' screen.

UoM/Currency

The system displays the unit of measurement or currency captured for the goods code of import license.

Qty/License Amount

The system displays the Quantity or License Amount captured for the goods code of import license.

Qty/License Amt Already Utilized

The system displays the sum total of Quantity or License Amount already utilized for the goods code.

Qty/License Amt Already Reinstated

The system displays the sum total of Quantity or License Amount already reinstated for the goods code.

Available Qty/License Amt

The system displays either the Available Quantity or Available License Amount for the goods code.

Qty/License Amt Utilized

Specify the quantity or the license amount utilized.

Qty/License Amt Reinstated

Specify the quantity or the license amount reinstated.

After authorization, you cannot modify or delete import licenses linked to an LC contract.

The system allows utilization details only for an import license linked to an import LC contract. The system displays an error message if reinstatement details are specified.

The utilization maintained for an import license is updated on save of an amendment capture. Subsequently if the amendment is marked as 'rejected', then the system automatically reinstates the utilization captured.

If reinstatement details are captured for an import license, then the same should be captured while marking the amendment status as confirmed. During status marking, the system displays the import LC contract information in the LC Contract Input screen and the Import License sub-system in the screen can be accessed for input of reinstatement details. The system displays an empty Import License sub screen where the user can input or add new rows to reinstate.

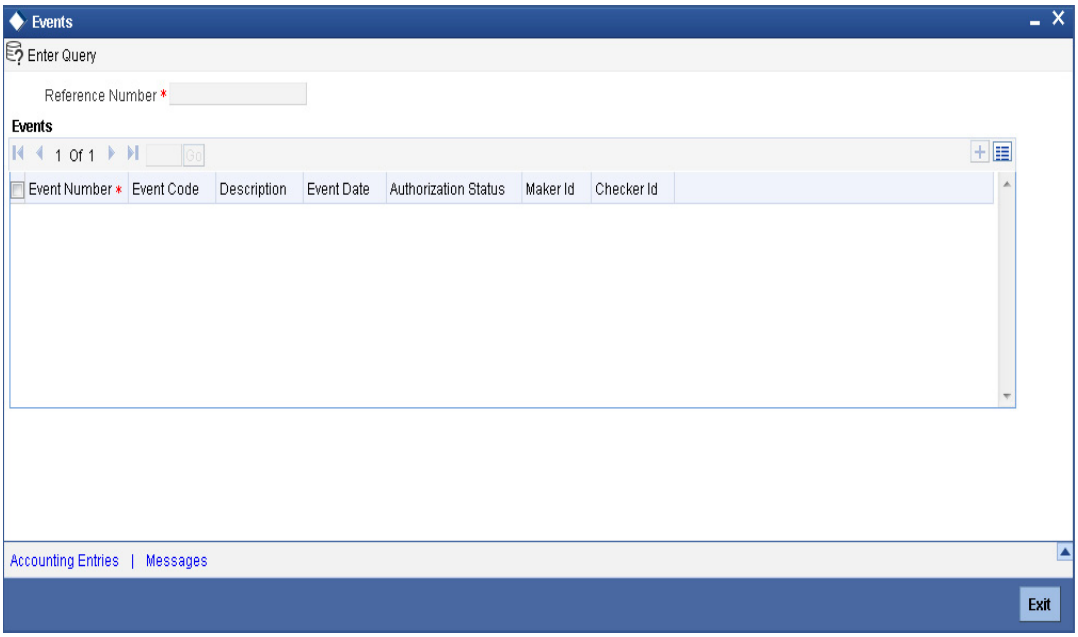
When a reduction in LC amount is performed as an amendment for an import LC contract with import licenses, then the system will validate whether reinstatement details are entered for the linked import licenses. If not, the system displays an override message as “Reinstatement details are not entered”.

When a utilization for an import license is already entered as part of an amendment capture and if utilization details are captured again while marking the amendment status as 'confirmed' in LC Contract screen, the system displays an override message as “Utilization is already marked as a part of amendment capture”.

8.4.1 Specifying Events

You can invoke the Events screen by clicking the ‘Events’ button in the ‘Letters of Credit Amendment Confirmation Input’ screen.

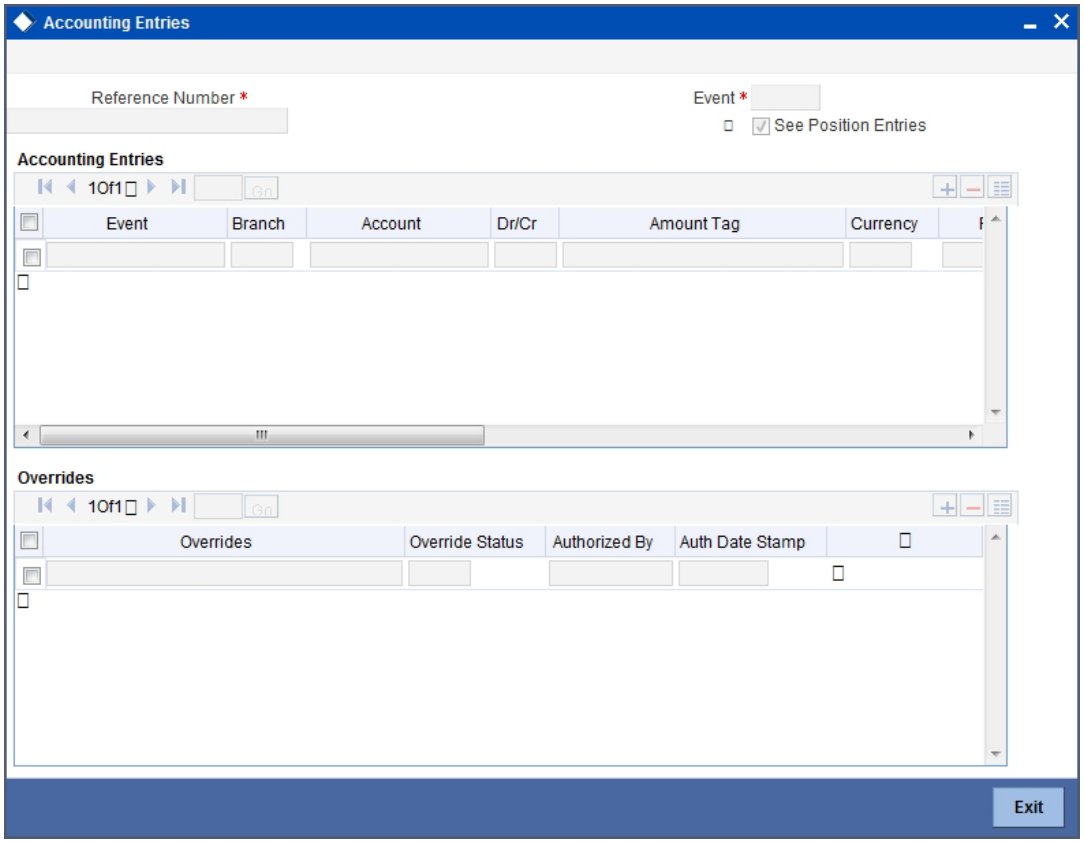
The details of events that have already taken place on the contract will be displayed, along with the date on which the event took place.



Click on ‘Accounting Entries’ button to view the accounting entries for the event that is highlighted. Click ‘Message’ button to view the messages applicable to the event. Click on ‘Exit’ button to go back to the ’Event Details’ screen.

8.4.1.1 Viewing Accounting Entries

From ‘Event Details’ screen, click ’Accounting Entries’ button to view the Accounting Entries for the event.The accounting entries that are passed depends on the type of LC contract that you are processing



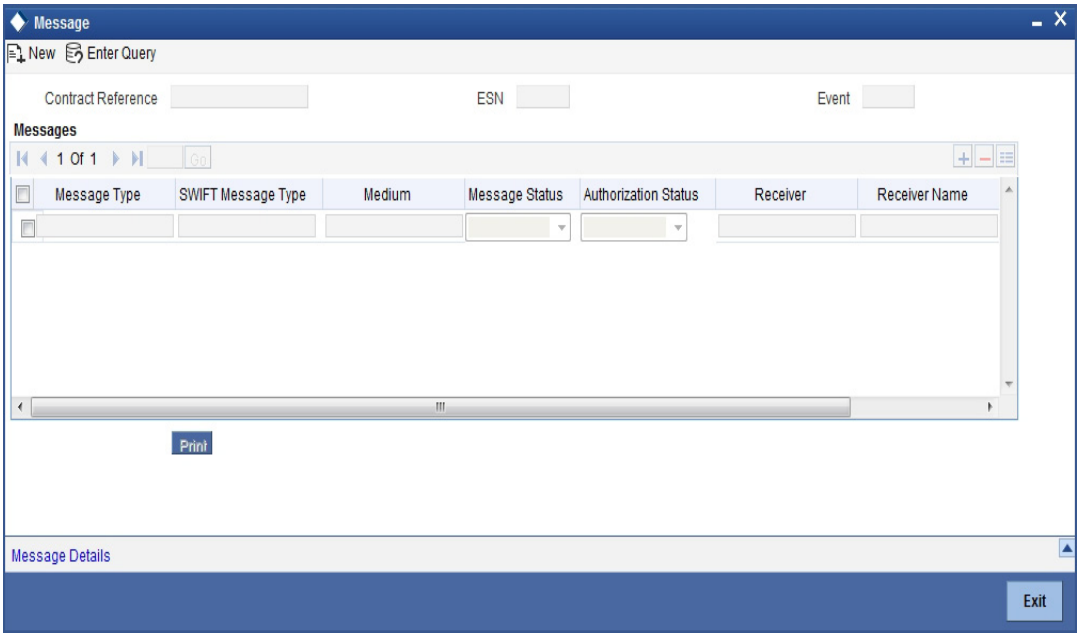
The following information is provided for each event:

- Branch
- Account
- Transaction Code
- Booking Date
- Value Date
- Dr/Cr indicator
- Currency
- CCY (Currency)
- Amount in contract CCY
- Amount in local currency
- All the overrides that were given for an event will also be displayed.

Click ‘Exit’ button to go back to the screen from where you invoked the ‘Accounting Entries’ screen.

8.4.1.2 Viewing Messages Applicable to a Contract

Click ‘Message’ button from the ’Event Details’ screen to view the list of advices applicable to a particular event in the lifecycle of LC.



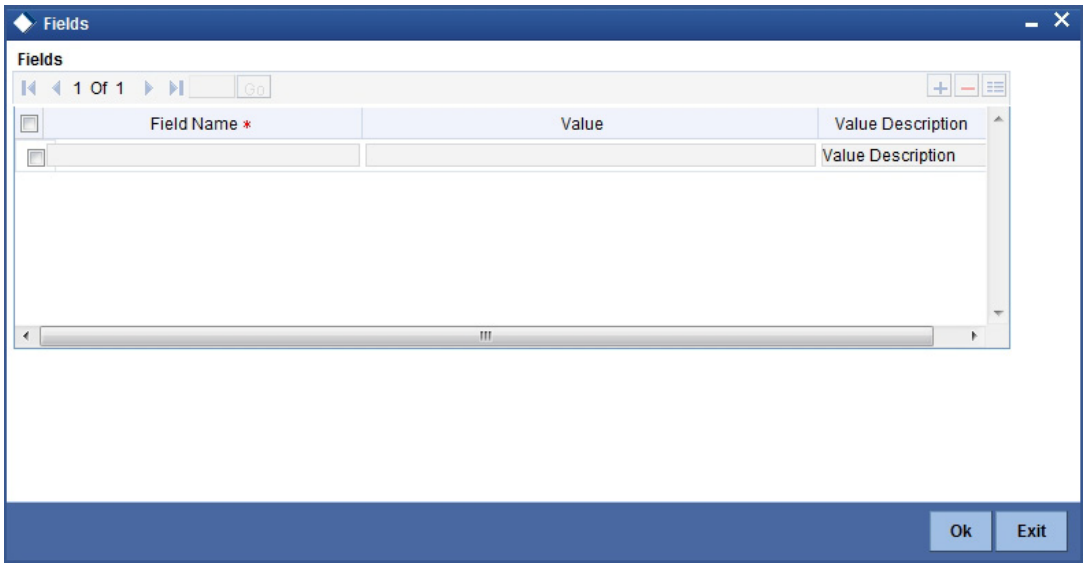
The following details of a message are displayed:

- The message type
- The Name and ID of the recipient of the message
- The status of the message

To view the text of a message, highlight the message and click on the ‘Message Details’ button. Click ‘Exit’ button to exit the screen.

8.4.2 Specifying Fields

You can invoke the Fields screen by clicking the ‘Fields’ button in the ‘Letters of Credit Amendment Confirmation Input’ screen.



8.4.3 Authorizing Amendment Details

On saving the amendment details after entering all the required details in the system, the system validates the value of the contract amount against the following

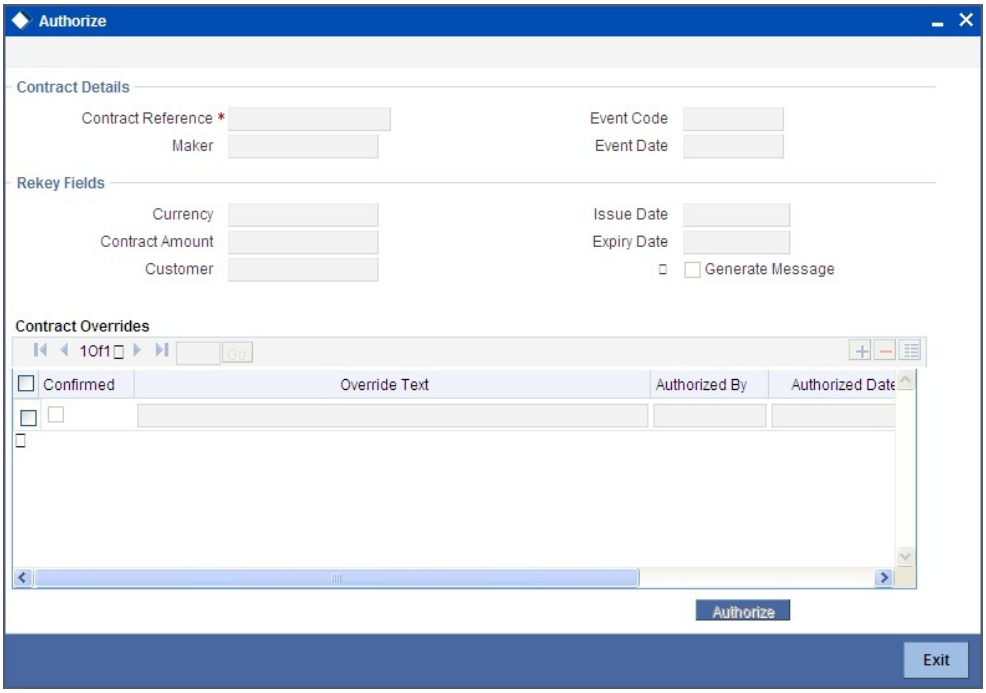
- Product transaction limit
- User Input limit

If the transaction currency and the limit currency are different, then the system converts the amount financed to limit currency and checks if the same is in excess of the product transaction limit and user input limit. If this holds true, the system indicates the same with below override/error messages:

- Number of levels required for authorizing the transaction
- Transaction amount is in excess of the input limit of the user

You have to get a contract authorised by your supervisor. Follow the steps given below to authorize:

3. Click authorise icon in the toolbar. The following screen will be displayed:



4. Click ‘OK’ button to proceed. The system will seek a confirmation for generating the messages. Click ‘OK’ to proceed.
5. Click ‘Cancel’ button to return to the ‘Amendment Confirmation’ screen. The system will display a message to confirm successful authorization of the record. The audit trail of the screen will now display the following details:

- Checker ID – Login id of the authorizer
- Checker Dt Stamp - The date and time at which you authorized the contract
- Auth Status – The status will updated to ‘Authorized’

The accounting entries for the amendment will be posted only after the authorization of the contract.

Note

You cannot authorise a contract in the following cases:

– the contract has multilevel of authorization pending, the same will be done using the ‘Multilevel Authorization Detailed’ screen

– the level of authorization is greater than or equal to ‘N’

– the ‘Nth’ or the final level of the users authorisation limit is less than the difference between amount financed and sum of the limits of all the users involved in authorizing a transaction, this case holds good when the ‘Cumulative’ field is checked in the ‘Product Transaction Limits Maintenance’ screen

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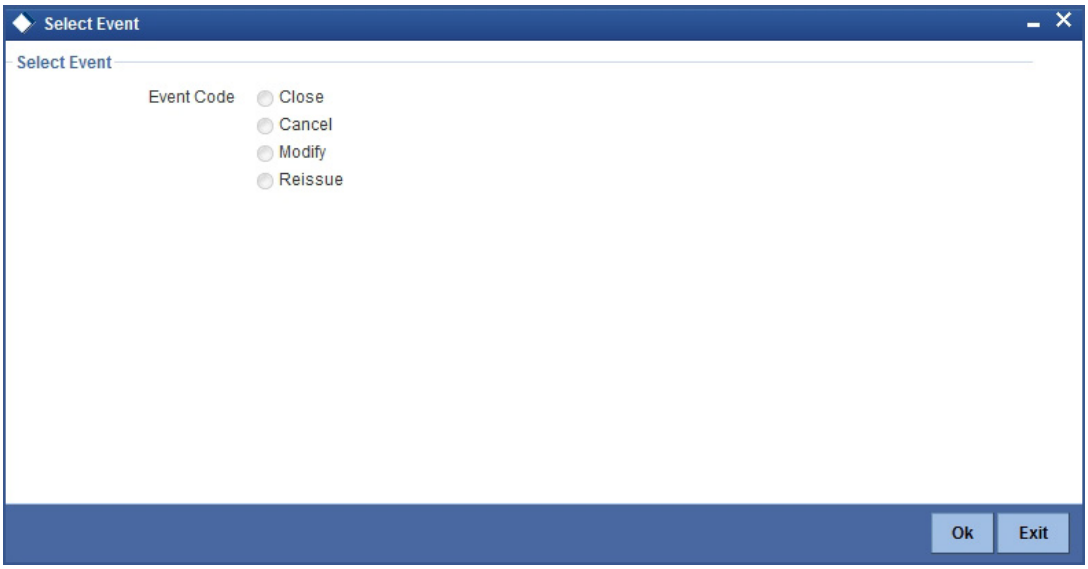
- the transaction amount is greater than the authoriser’s authorisation limit if the ‘Cumulative’ field is unchecked in the ‘Product Transaction Limits Maintenance’ screen

8.4.4 Confirming Amended Details

Once authorized, you will not be allowed to modify these details. The system will provide option for confirming or rejecting the amendment details. To confirm the details, do the following:

1. Click confirm icon in the toolbar. The system will launch the below screen:



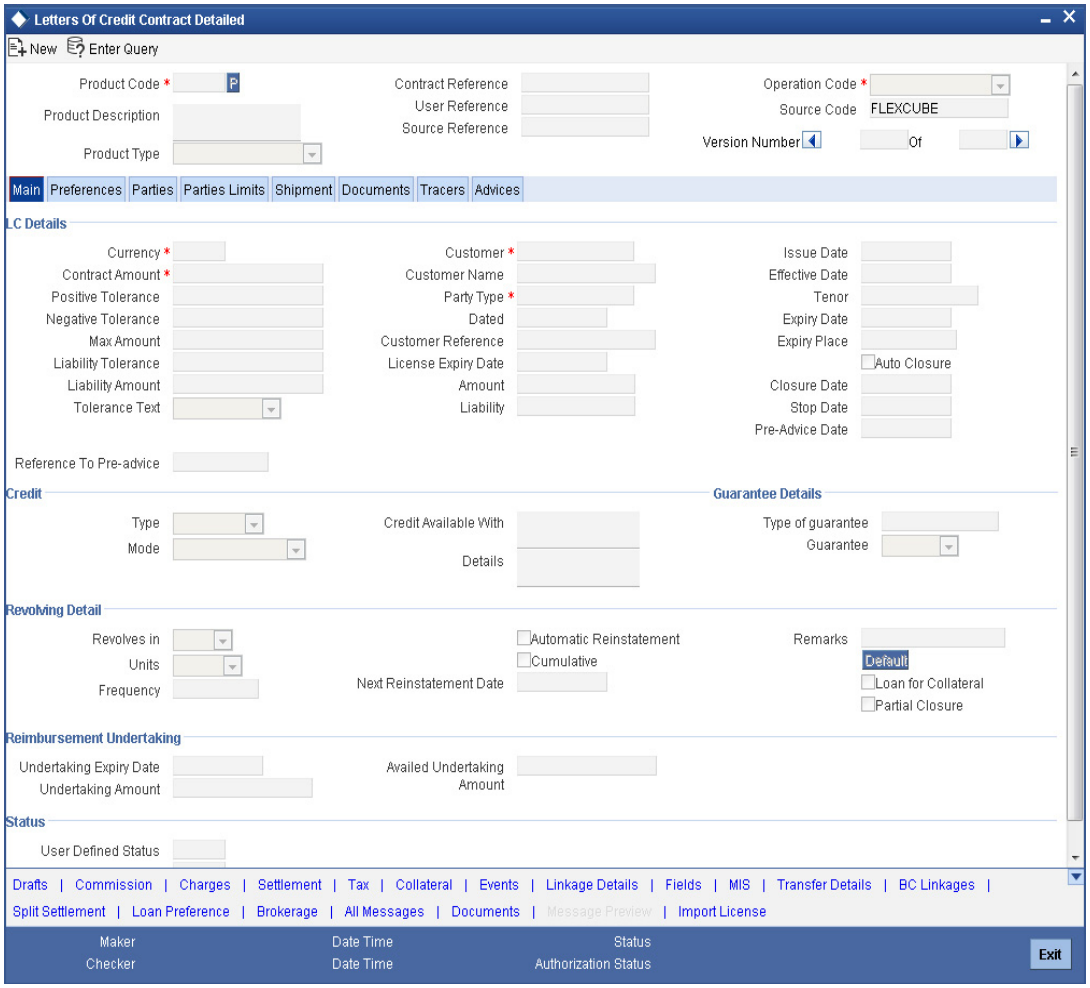
2. Click ‘OK’ in the message window to proceed. The system will display the following message to confirm the confirmation as, “The Record is successfully confirmed.”
3. Click ‘OK’ in the message window and this takes you the LC contract online screen. The charges can be waived using this screen. Note that the ‘Amnd Status’ is updated to ‘Confirmed’ and the ‘Auth Status’ is updated to ‘Unauthorized’ (in the audit trail of the screen).

8.4.5 Amending details using the Contract screen

You can unlock the LC contract screen after clicking ‘OK’ in the message window above. The LC contract online screen is used for modifying details after confirmation of the amendment action. The system creates an amendment on the LC once the proposed amendment is confirmed. When this amendment is created the confirmation and amendment events are both left in an unauthorized state. This allows unlocking of the LC contract to make the necessary amendments.

Once the confirmation is saved on the amendment screen, the LC contract online screen is launched with the data modified, and this can be unlocked and modified, or closed as chosen by the user. These changes are directly made by launching the LC contract screen. However the amendment can only be deleted by using the amendment screen as described above.

The following LC contract screen is launched when the amendment is confirmed in the LC amendment confirmation input screen.



The amendment cannot be deleted using the LC contract screen, and can only be deleted using the amendment screen as part of the confirmation. This is done by deleting the confirmation using the amendment screen.

Hence the process is carried out as follows:

1. The amendment is confirmed using the LC Credit Amendment confirmation screen. It is completed by clicking 'C' and saving the confirmation.
2. The LC contract screen is launched once the confirmation is saved. This screen contains the details of the amendments done in the confirmation input screen.
3. This screen is unlocked and the details are made available for modification. Subsystem details like charges and commission can be modified or waived as required.

During an auto authorization of Amendment Confirmation, the amendment created by this confirmation is also authorized.

Note

When the LC Amount is amended from 'LC Amendment' screen, the values mentioned in 'Confirmation Percent' at the contract level are considered for confirming the amended amount.

However, you can amend the Confirmation Percent/Confirmation Amount at the contract level.

8.4.5.1 Accounting Entries for amending LC amount

On increasing the LC Amount as part of amendment):

Dr/ Cr	Account role code	Amount tag	LCY Amount Description
Dr	LC_OCU_OFFSET (Unutilized Credit Offset)	CNF_LIAB_INCR_AMT	Delta Confirmation Amount
Cr	LC_OCU (Outstanding Credit Unutilized)	CNF_LIAB_INCR_AMT	Delta Confirmation Amount
Dr	LC_CNF (Confirmation of LC)	CNF_LIAB_INCR_AMT	Delta Confirmation Amount
Cr	LC_CNF_OFF (Confirmation of LC Offset)	CNF_LIAB_INCR_AMT	Delta Confirmation Amount

On decreasing the LC Amount as part of Amendment:

Dr/ Cr	Account role code	Amount tag	LCY Amount Description
Dr	LC_CNF_OFF (Confirmation of LC Offset)	CNF_LIAB_DECR_AMT	Decreased Amount
Cr	LC_CNF (Confirmation of LC Offset)	CNF_LIAB_DECR_AMT	Decreased Amount
Dr	LC_OCU (Outstanding Credit Unutilized)	CNF_LIAB_DECR_AMT	Decreased Amount
Cr	LC_OCU_OFF (Outstanding Credit Unutilized Offset)	CNF_LIAB_DECR_AMT	Decreased Amount

8.4.5.2 Authorizing Confirmation

Your supervisor now needs authorize the confirmation to view the changes made. The steps to authorize are given below:

1. After logging in, invoke the ‘Amendment Confirmation’ screen and navigate to the record that needs to be authorized.
2. Click authorise icon in the toolbar of the screen. The system will create a new version of the contract and display the details of the contract in the ‘LC Contract’ screen, as shown below.
3. After confirming the changes, click save icon in the toolbar of the screen to save the details.

Note

You can delete the amendment if the ‘Amnd Status’ of the contract is ‘Confirmed’ but unauthorized.

8.4.6 Rejecting Amended Details

To reject the amendment details, do the following:

Click the close icon in the toolbar of the screen. The system will display the following message to confirm the rejection:

Are you sure you want to reject the current record?

Click 'OK' in the message window to return to the 'Amendment Confirmation' screen. The system will display a message to confirm successful rejection of the record.

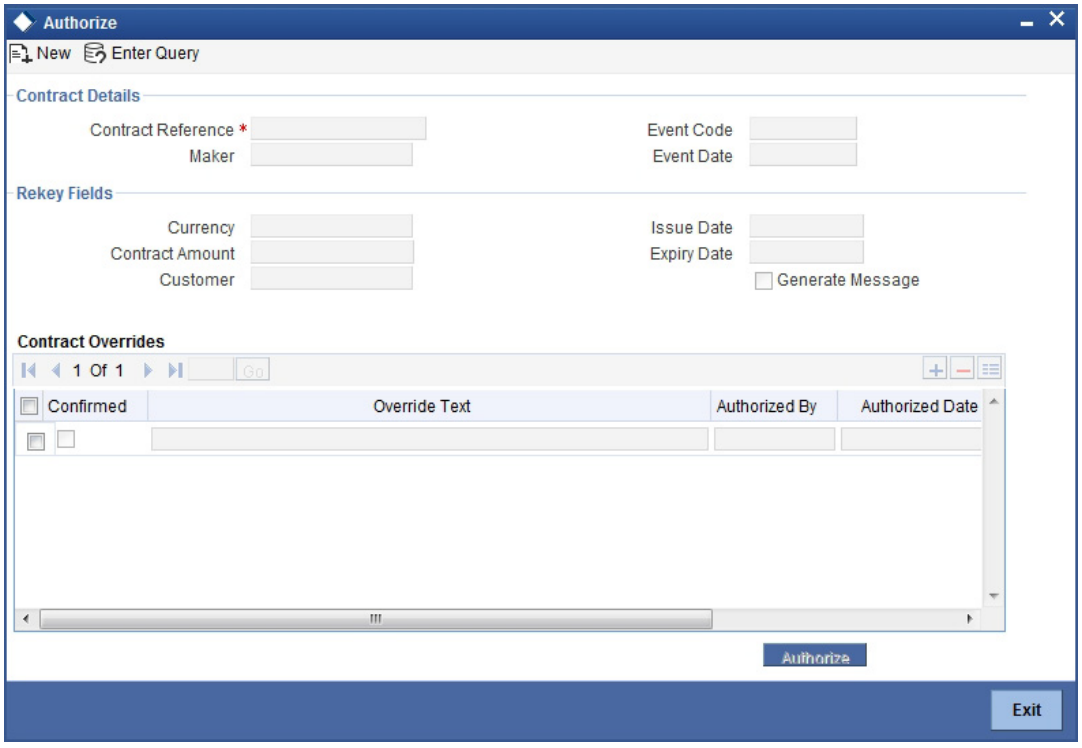
The 'Amnd Status' will be updated to 'Rejected'.

8.4.6.1 Authorizing Rejection

Your supervisor now needs authorize the rejection. The steps to authorize are given below:

After logging in, invoke the 'Amendment Confirmation' screen and navigate to the record that needs to be authorized.

Click authorize icon in the toolbar. The system will display the following screen.



Click 'OK' icon to proceed. You will return to the 'Amendment Confirmation' screen and the system will display a message to confirm successful authorization of the record.

The 'Amnd Status' of the record will be 'Rejected' while the 'Auth Status' will be updated to 'Authorized'.

Note

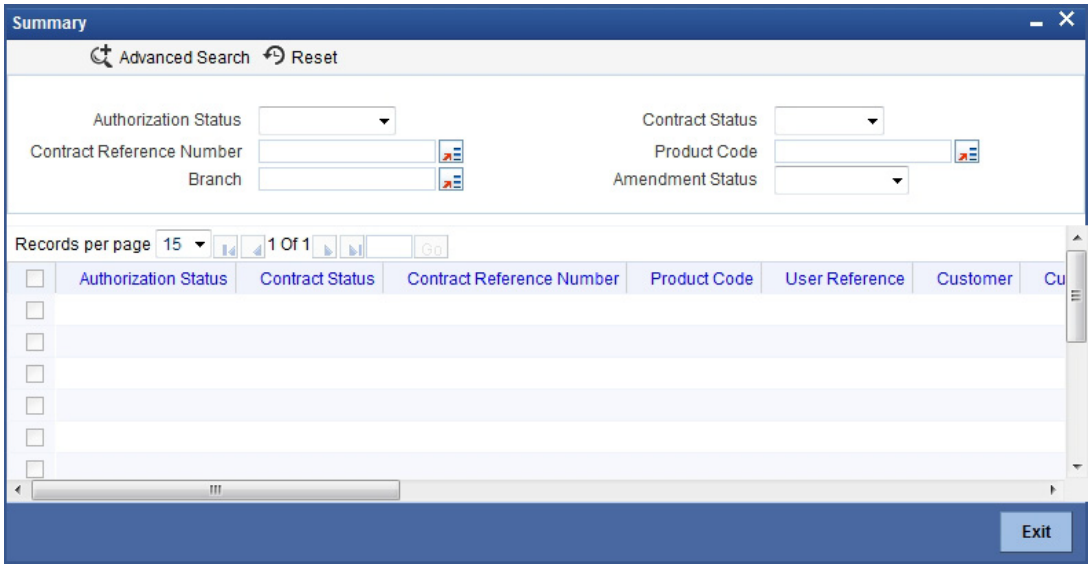
- If a contract is amended and confirmed, you can amend it again by creating a new amendment record in 'Amendment Confirmation' screen for already amended LC contracts.

- The system will not allow you to perform any operations on an LC pending confirmation or rejection.
- The amended details will take effect only after confirmation from the beneficiary.
- If the amendment is rejected, the system will retain the original or the last amended confirmed LC.

You can amend the same contract several times in ‘Amendment Confirmation’ screen as long as the amendment is not authorized.

8.5 Viewing LC Amendment

You can view the LC amendment using ‘Letters of Credit Contract Summary’ screen. To invoke this screen, type ‘LCSAMEND’ in the field at the top right corner of the Application tool bar and click the adjoining arrow button.



You can click ‘Search’ button to view all the pending functions. However, you can to filter your search based on any of the following criteria:

Authorization Status

Select the authorization status of the amendment from the drop-down list.

Contract Reference Number

Select the contract reference number from the option list.

Branch Code

Select the branch code for which you want to check the amendment from the option list.

Contract Status

Select the status of the amendment for which you want to check the pending function from the drop-down list.

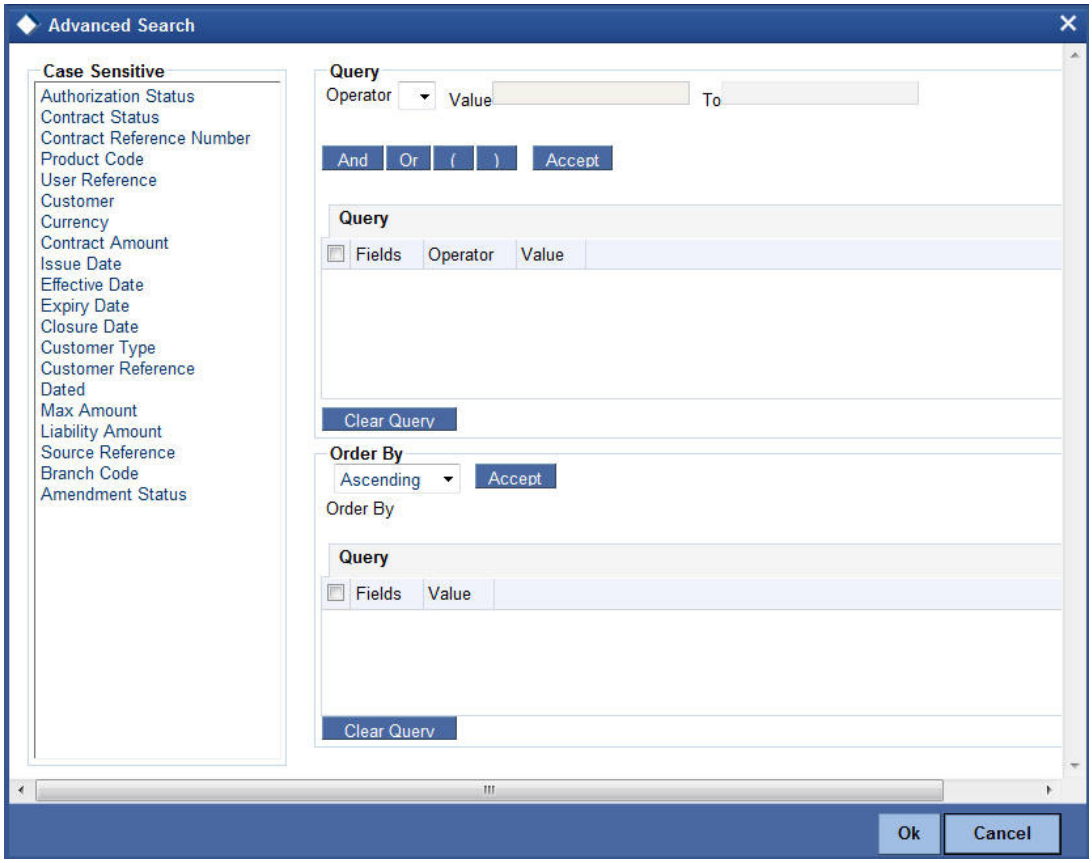
Product Code

Select the product code from the option list.

When you click ‘Search’ button the records matching the specified search criteria are displayed. For each record fetched by the system based on your query criteria, the following details are displayed:

- Customer
- Contract Currency
- Contract Amount
- Issue Date
- Effective Date
- Expiry Date
- Closure Date
- Customer Type
- Customer Reference Number
- Customer Reference Date
- Maximum Contract Amount
- Maximum Liability Amount
- Current Availability
- Outstanding Liability
- Latest Shipment Date
- External Reference Number
- Branch Code

Click ‘Advanced Search’ to display the screen below:



You can query a contract based on any of the following details:

- Customer
- Contract Currency
- Contract Amount

- Issue Date
- Effective Date
- Expiry Date
- Closure Date
- Customer Type
- Customer Reference Number
- Customer Reference Date
- Maximum Contract Amount
- Maximum Liability Amount
- Current Availability
- Outstanding Liability
- Latest Shipment Date
- External Reference Number
- Branch Code

8.6 Operations on Confirmation Record

In addition to the operations discussed above (Save, Authorize, Confirm), you can perform the following operations in the 'Amendment Confirmation' screen:

- New
- Delete
- Close
- Unlock

8.7 Uploading LC Amendment

While uploading an amendment, the system checks the user reference number in the contract with the external reference number of the incoming message. If a contract exists with the reference number and its status is 'Authorized' and 'Active', then the system will amend it provided the upload action is 'AMND'.

If upload action is 'NEW' and the external reference number exists, the system will display an error message. In case of contract amendment through STP of MT707, the following fields are updated:

- Expiry date (31E field)
- LC amount (34B field)
- Tolerance details(Negative and positive tolerance) (39A field)
- Additional amounts covered (39C field)
- Shipment from (44A field)
- Shipment to (44B field)
- Latest date of shipment (44C field)
- Shipment period(44D field)
- Issuing bank amendment date(30 field)

Once an amendment is uploaded, the event 'AMND' will be triggered on the LC contract in the system.

9. Transferring LC

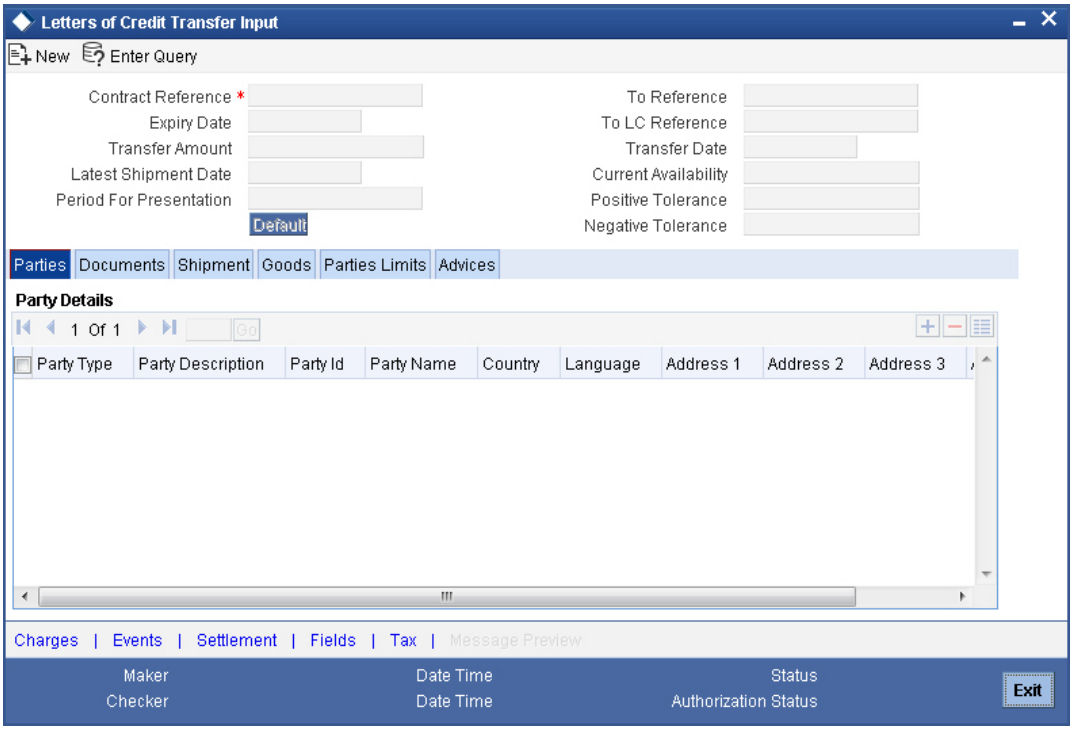
9.1 Specifying LC Transfer Details

In Oracle FLEXCUBE, you can make transfers from an LC. A transferable LC is one where at the request of the beneficiary ('first beneficiary') the LC is made available in whole or in part to another beneficiary ('second beneficiary'). This is usually done where the first beneficiary is not the actual manufacturer of the goods and is sourcing it from others.

For an LC to be transferable, the LC must specifically state it to be transferable.

A transferred LC cannot be transferred at the request of a second beneficiary to any subsequent beneficiary. The first beneficiary is not considered to be a subsequent beneficiary i.e. an unutilized transferred LC can be transferred back to the first beneficiary only. This is new to UCP 600 and FCC has taken this into consideration.

You can invoke the 'Letters of Credit Transfer Input' screen by typing 'LCDTRANF' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



While transferring funds from an LC, you need to note the following conditions:

- The transferred LC will always be of the same type as the old LC and will be created under the same product
- The charges applicable to the transfer should be associated with the event TRNF defined for the product
- You can only transfer an amount that is less than or equal to the amount available under the original LC
- An Import LC can be transferred only if the Applicant and Beneficiary are customers of your bank

Specify the following details in the 'Letters of Credit Transfer Input' screen.

From Ref No

Indicate the LC from which you want to effect the transfer. Click the adjoining option list and select a valid LC Reference. The manner in which Oracle FLEXCUBE handles a transfer is different for import and export LCs.

Refer to the title 'A note on transfers made from Import and Export LCs' for more details.

Transfer Amount

The transfer amount is the amount that should be transferred from the original LC. You can only transfer an amount that is less than or equal to the amount available under the original LC.

On saving the transaction after entering all the required details in the system, the system validates the value of the transfer amount against the following:

- Product transaction limit
- User Input limit

If the transaction currency and the limit currency are different, then the system converts the amount financed to limit currency and checks if the same is in excess of the product transaction limit and user input limit. If this holds true, the system indicates the same with below override/error messages:

- Number of levels required for authorizing the transaction
- Transaction amount is in excess of the input limit of the user

Expiry Date

The expiry date is the date up to which the transferred LC is valid. The expiry date of the original LC is defaulted. You can change the defaulted date. However, the expiry date cannot be earlier than the LC issue date or today's date.

Note

In the case of an export LC, the expiry date can be earlier than today's date to cater to the late receipt of the LC. However in this case you will be prompted for an override.

Goods Shipment Date

The shipment date is the latest date by which the shipment of the goods specified for the transferred LC should take place. The latest shipment date of the original LC is defaulted. You can change the defaulted date. However, the date you enter should not be earlier than the Issue Date of the LC and later than the expiry date. If the latest shipping date that you specify for an LC falls on a holiday in the LC currency, you will be prompted for an override.

It is mandatory for you to enter the Shipment date if you are processing an Import LC.

Period For Presentation

The period of presentation defined for the product - or calculated for the LC, as the case may be - will be displayed. You can change the default to suit the LC you are processing.

To Ref No

Specify the reference number to which the LC should be transferred.

To User Ref No

Specify the user reference number to which the LC should be transferred. For child contracts, the contract reference number of the parent LC will be considered as the user reference number.

Transfer Date

Specify the date of transfer.

LC Available Amount

The amount available on the chosen LC is displayed here.

Positive Tolerance

The positive tolerance is the percentage that should be added to the Transferred LC amount, to arrive at the Maximum LC Amount Transferred to Child LC. This amount will be considered as the LC outstanding LC amount for Child LC.

Negative Tolerance

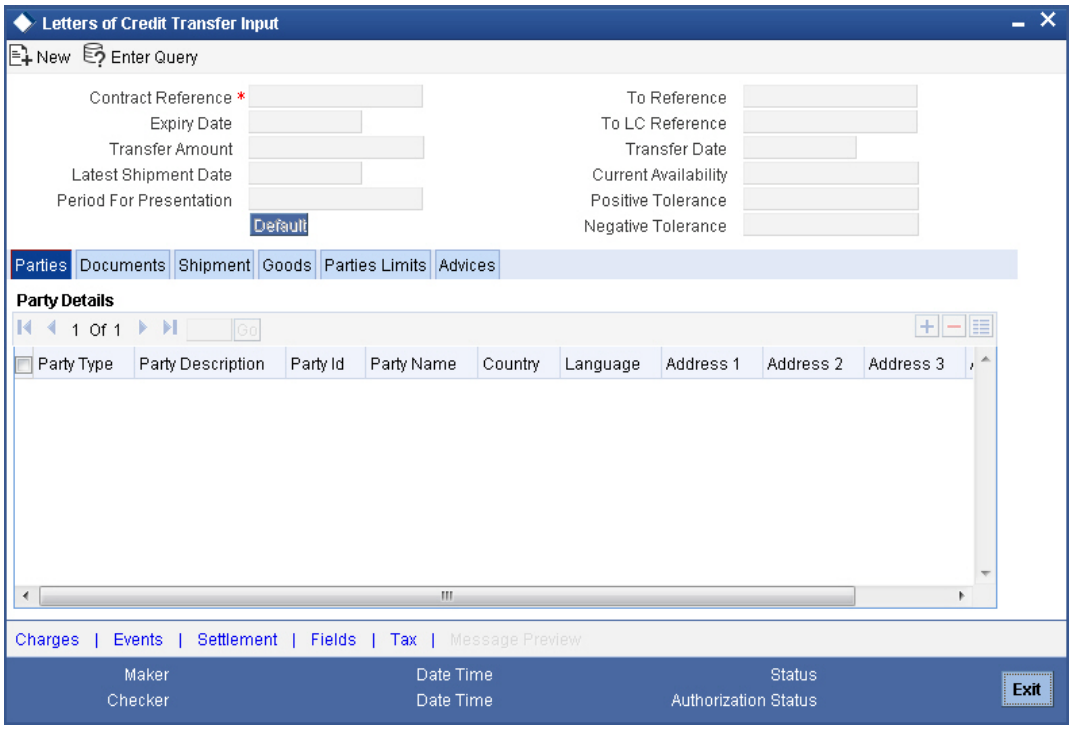
The negative tolerance is the percentage that should be subtracted from the Transferred LC amount, to arrive at the Minimum LC Amount Transferred to Child LC. The negative tolerance is captured for information purposes only. It will form part of the LC and amendment instruments.

Note

Tolerance maintained in Parent LC will be defaulted against the below mentioned fields. Values of it can be amended. Tolerance should be less than 100 and should not be negative.

9.1.1 Parties Tab

The 'Parties' tab can be used to record details related to the parties involved in the transfer. The documents, tracers and messages that are generated will be sent to all the parties concerned, based on the details you specify in this screen.



The Party Types that can be involved in the transfer of an LC are the advising Bank and the Beneficiary. You need to indicate the following details for a party type:

- The CIF ID assigned to the party, if the party is defined as a customer in Oracle FLEXCUBE

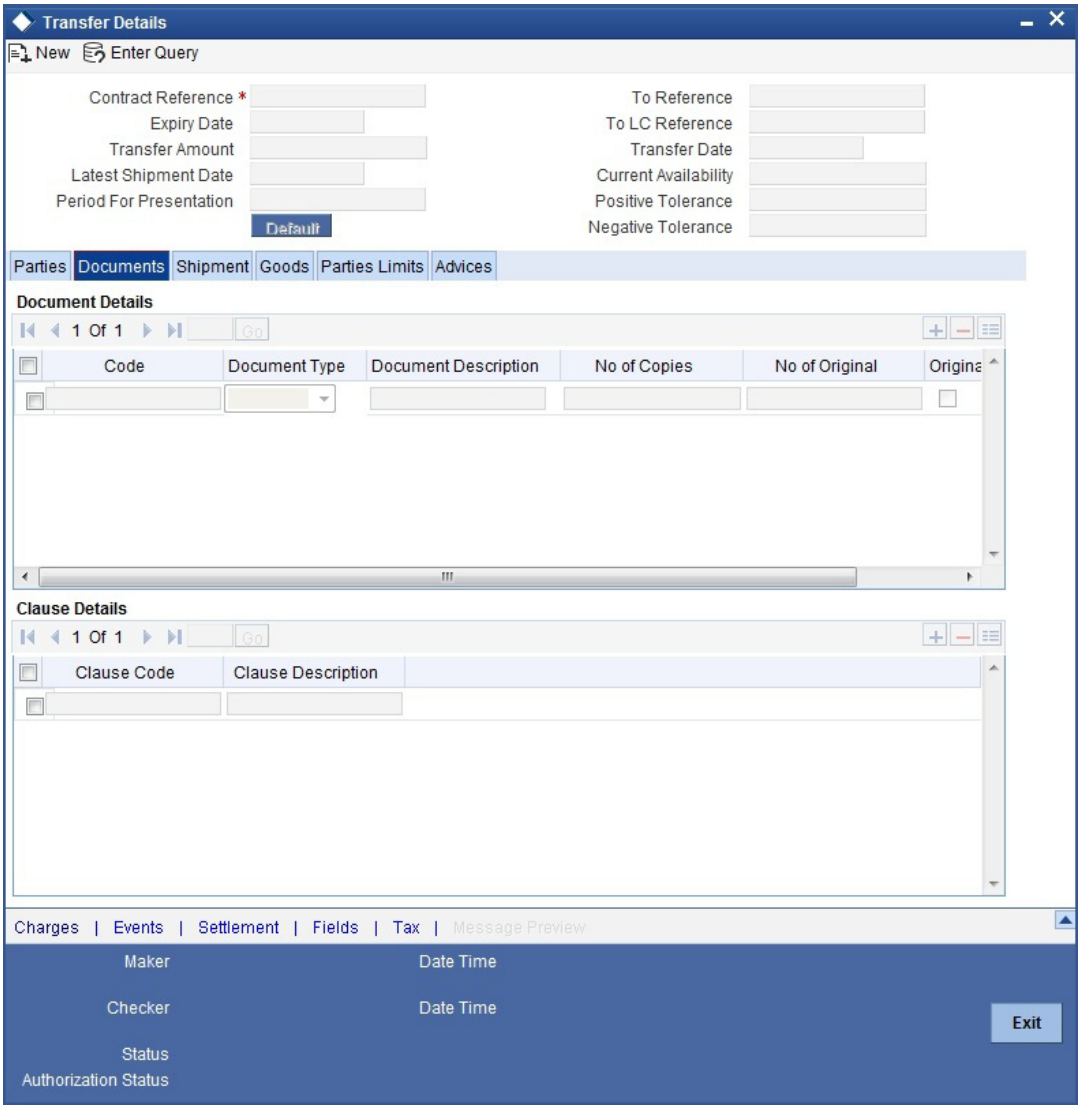
- The name of the party (It can be 150 characters in length. However, note that only 35 characters will be included in the SWIFT messages that you generate for the transfer)
- The country to which the party belongs
- The mailing address of the party

Note the following:

- Change of parties is not allowed for the old LC contract, however, it is allowed for the new transferred LC Contract.
- The system validates for the ADB membership of the selected Bank. If the Bank is not a member of ADB and the BIC code for the Bank is maintained as 'ADB Member' at BIC Maintenance level, then the system displays the override message as, "Advising or Issuing Bank is not a member of ADB TFFP."

9.1.2 Documents Tab

Click 'Documents' tab and specify details of documents and clauses that should accompany the goods.



There are some standard documents required under a documentary LC. In this screen you can specify the documents that are required under the LC being processed. These details will

be a part of the LC instrument sent to the advising bank, the advice through bank or the beneficiary.

Documents Details

All the documents specified for the product to which the LC is linked will be defaulted to this screen. The details specified for these documents such as the document type, description, the number of copies required, the number of copies issued, the clauses specified for the document are also defaulted from the product. You can edit the description of the document that is defaulted to suit the LC you are processing.

You can add to or delete from the list of documents that are defaulted. To add a document for the LC, click add icon. Type in or select the code of the appropriate document from the list of document codes maintained in the 'Documents Maintenance' screen. The other details of the document will be defaulted to this screen.

To delete a document that is not required for the LC, highlight the document code and click on the delete icon.

Clauses Details

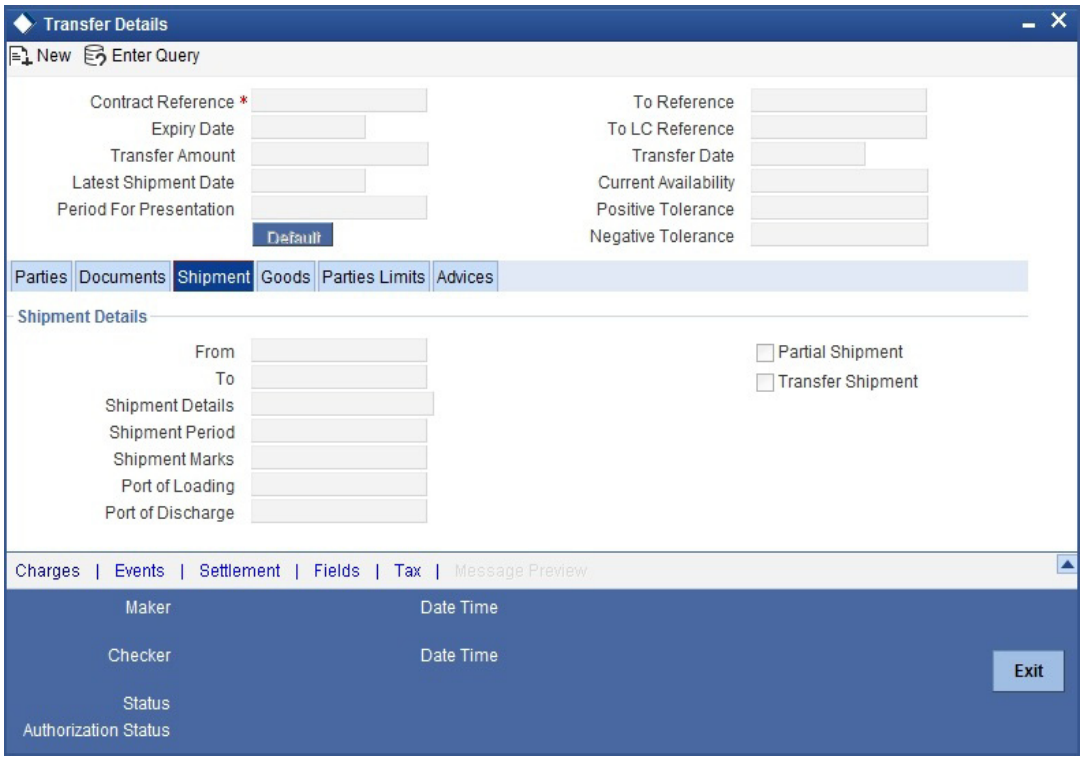
The Clauses associated with the documents that you specified for the transfer are defaulted. When you highlight a document code, all the clauses defined for the document are displayed in the Clauses window. You can add to or delete from the list of clauses that are defaulted.

To add a clause to a document for the LC, click add icon. Specify a valid clause code or select the code of the applicable clause from the list of clause codes maintained, in the Clause Maintenance screen. The description of the clause will be defaulted, based on the clause code that you select.

To delete a clause that is not required for the LC, highlight the Clause code and click delete icon.

9.1.3 Shipment Tab

Click ‘Shipment’ tab and specify details of documents shipment of the merchandise traded under an LC.



9.1.3.1 Specifying Shipping Details for an LC

There are certain standard clauses and conditions, associated with the shipment of the merchandise traded under an LC.

- The location from which the goods transacted under the LC should be shipped. In international trading parlance, this is called the Loading on board/Dispatch/Taking in charge at/from
- The destination to which the goods transacted under the LC should be sent In international trading parlance, this is called the For transportation to
- The latest date of shipment
- Besides these details, you can also specify shipping preferences like:
  - Should Trans-shipment be allowed under the LC
  - Should partial shipment of the goods be allowed under the LC
  - Shipping marks
  - Additional shipment details

Specifying Goods Details

The details of the merchandise that will be traded under the LC should be clearly specified. You have maintained various codes that have been allotted, for commodities normally traded in your country. Pick up the applicable code for the LC you are processing. The description of this code (which could be 6500 characters long), can be changed to suit the LC you are processing. You can also enter specifications such as the quality and quantity of the merchandise.

Description for a Pre-advice

If pre-advice is one of the advices for the transfer, you should enter the details of the LC briefly, as a pre-advice description. This will be a part of the pre-advice that is generated.

Typically, a pre-advice is sent by SWIFT or cable and contains brief details of the LC. This is followed by the LC instrument will contain all the details of the LC.

Specifying the Port of Loading and Discharge

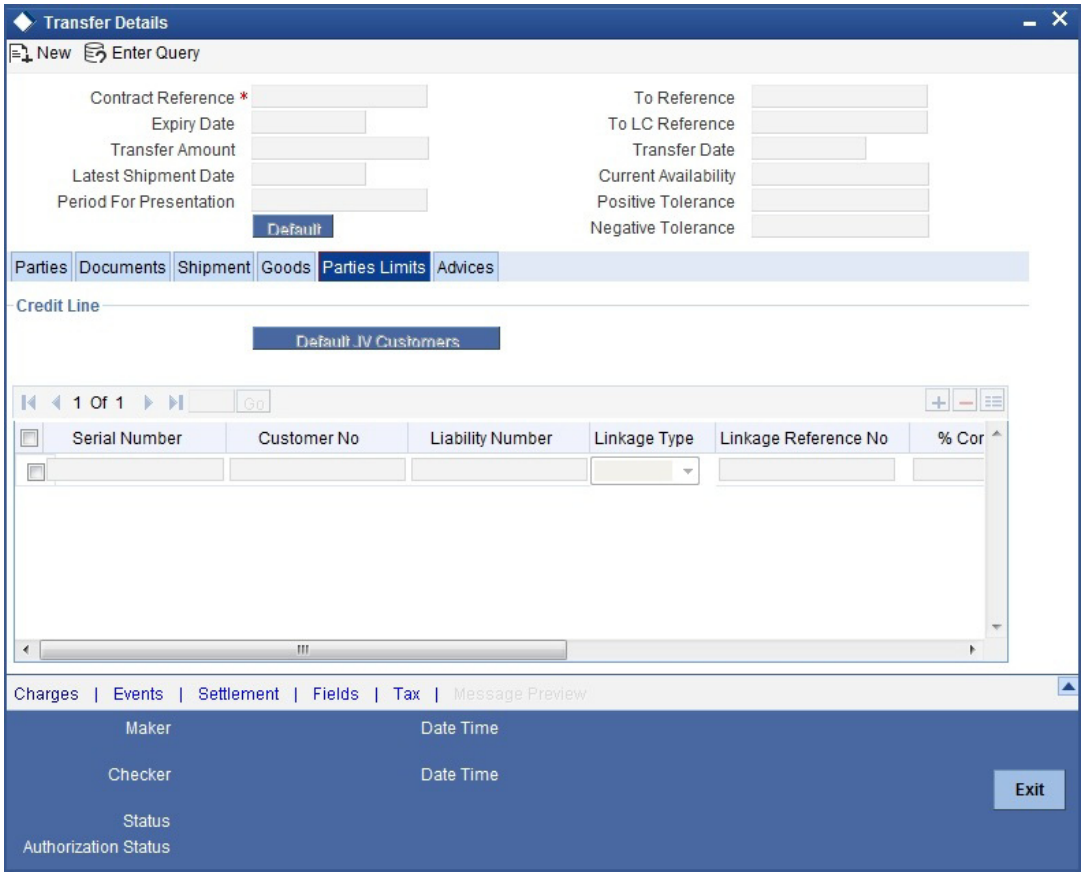
You can specify the name of the airport from where the goods transacted under the LC are loaded for shipping. This is called the Port of Loading.

You can also specify the name of the destination port to which the goods transacted under LC should be sent. This is called the Port of Discharge.

> **Note**
>
> You can amend the value of 'Port of Loading' and 'Port of Discharge' after authorization.

9.1.4 Parties Limit Tab

You can track the limits of multiple credit lines while transferring an LC contract. Click 'Parties Limit' tab on 'Letters of Credit Transfer Input' screen.



Specify the following details:

Party Type

Specify the type of the party whose credit limits need to be tracked.

If you click ‘Default’ button, in the first row, the system defaults the party type based on the details maintained under ‘Parties’ tab of the screen. However, you need to make sure that the mandatory party details have been maintained under ‘Parties’ tab of the screen.

When you add another row to the list, you can manually select the party type as required. If you leave it blank, the system will automatically update the party type when you save the transfer details.

Customer No

Specify the customer number of the party whose credit limits need to be tracked. The option list displays the customer numbers of all the parties selected under ‘Parties’ tab. Choose the appropriate one.

You need to make sure that the customer number corresponds to the party type selected above. If the customer number and party type do not match, the system displays an error.

JV Parent

When you click ‘Default’ button, the system defaults the joint venture customer number of the party. This customer number is defaulted based on the details maintained in ‘Joint Venture’ sub-screen of ‘Customer Maintenance’ screen.

Liability Number

When you click ‘Default’ button, the system defaults the liability number from ‘Joint Venture’ sub-screen of ’Customer Maintenance’ screen.

Linkage Type

Specify the linkage type. The drop-down list displays the following options:

- Facility (Credit Line)
- Collateral Pool

Choose the appropriate one.

Linkage Reference No

Specify the reference number that identifies the facility or collateral pool. The option list displays all valid facilities and collateral pools specific to the liability. Choose the appropriate one.

In case you choose the same linkage reference for more than one record in the list, the system displays an override message. You may choose to cancel or proceed with the selection.

% Contribution

Specify the proportion of limits to be tracked for the credit line or collateral pool for the joint venture customer. When you click ‘Default’ button, the system defaults the percentage of contribution maintained under ‘Joint Venture’ sub-screen of ‘Customer Maintenance’ screen.

It is mandatory to indicate the percentage of contribution if the party is a customer under joint venture. This is not applicable to customers who are not a part of joint venture.

Note

For one joint venture, the total percentage of contribution in all applicable credit lines together cannot be more than 100%.

Amount Tag

Specify the amount tag. The system tracks the limits for non joint venture customers based on the amount tag. The amount tags applicable to export and import LC contracts are listed below:

Amount tags applicable to Export LC:

- Liability Amount
- Confirmed Amount
- Unconfirmed Amount

Amount tags applicable to Import LC:

- Liability Amount
- Undertaking Amount
- Non Undertaking Amount

Choose the appropriate one based on the type of LC contract. If you do not specify the amount tag, the system will track the limits based on the liability amount and facility.

The system verifies the amount tag against the product type. If you choose an amount tag, which is not supported by the product type, the system displays an error message.

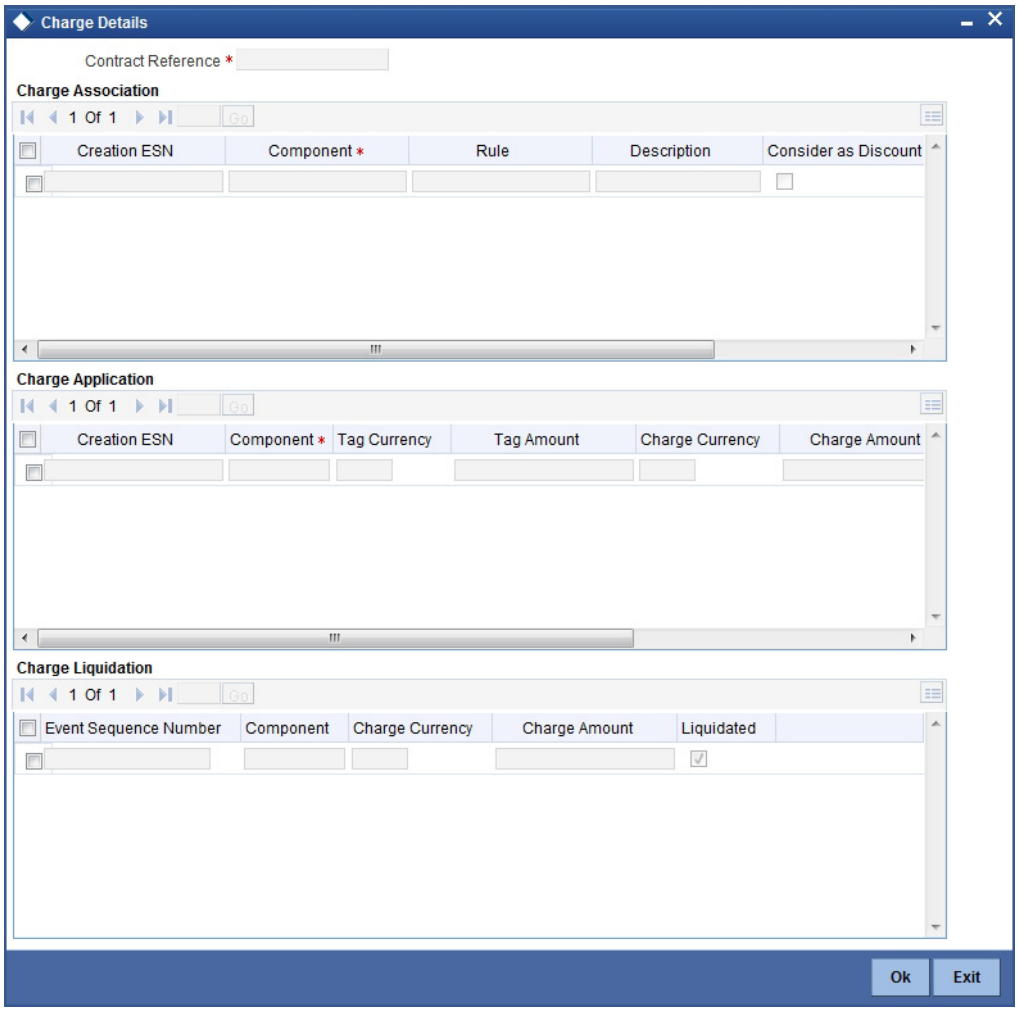
Amount

When you click ‘Default’ button, the system defaults the amount tracked for each credit line. In case of joint venture customers, the amount is derived on the basis of the percentage of liability amount. In case of other customers, the amount is derived based on the amount tag specified above.

You can add more rows to the list of credit lines using add button. Similarly, you can remove a selected row from the list using delete button.

9.1.5 Defining Charge Details

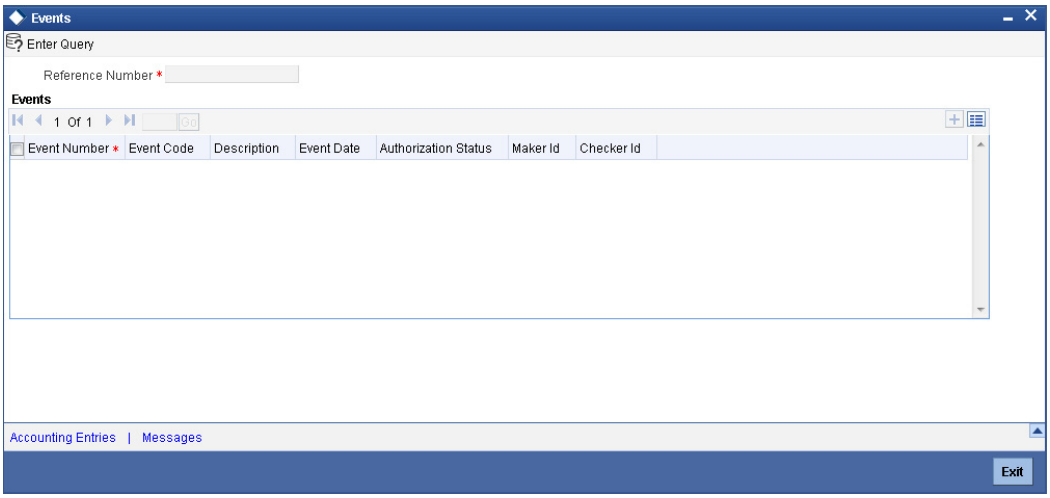
Click ‘Charges’ button to invoke the following screen



Refer the Charges and Fees User Manual under Modularity for further details about this screen.

9.1.6 Viewing Event Details

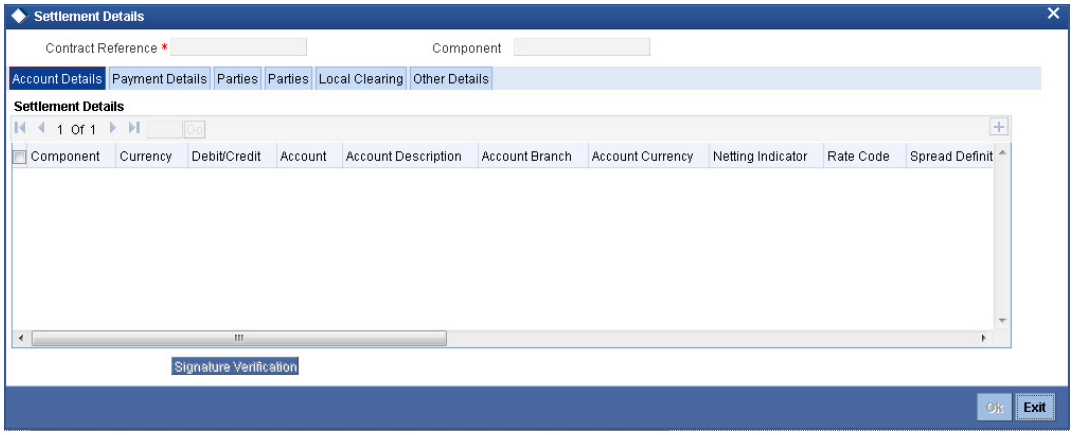
Click this button to view the details of the events and accounting entries that a contract involves.



Click ‘Accounting Entries’ to view the accounting entries for the event that is highlighted. Click ‘Message’ to view the messages applicable to the event. Click on ‘Exit’ or ‘Cancel’ to go back to the ‘LC Transfer Input’ screen.

9.1.7 Specifying Settlement Instructions

Click this button to invoke the Settlement screen. Based on the details that you enter in the settlement screens the LC will be settled.



The details of these screens have been discussed in the Settlements user manual.

9.1.8 Capturing UDF Values

Click this button to specify values for the user defined fields (UDFs).

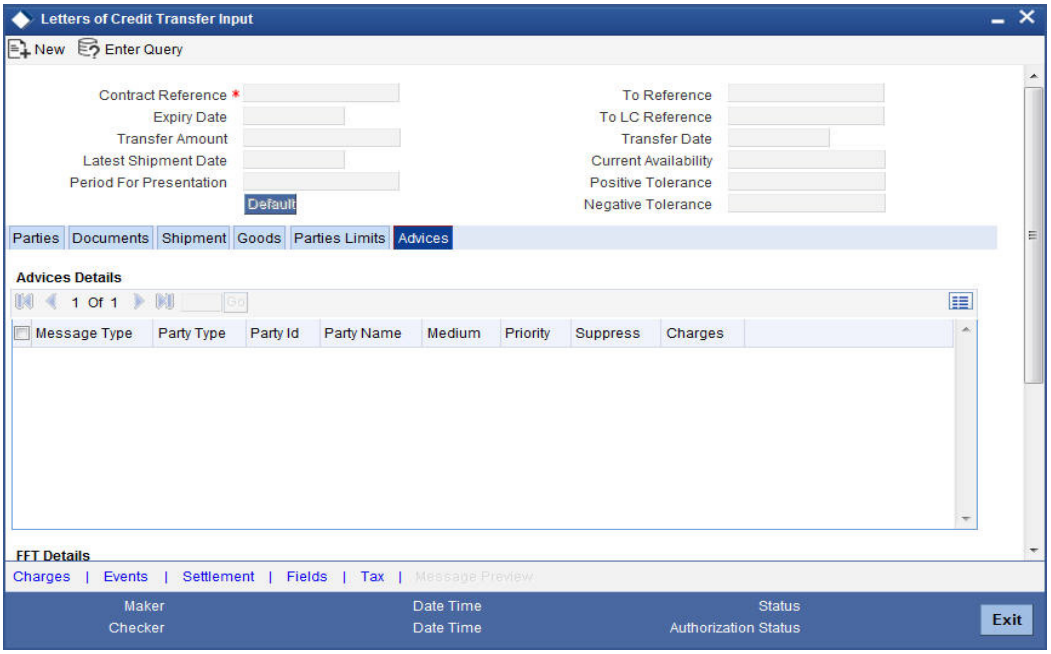
The User Defined Fields (UDFs) maintained for the linked function id are displayed here. You can specify values for them.

Refer the User Manual titled 'User Defined Field' for details about defining UDFs.

9.1.9 Advices Tab

The details of the advices for the transfer event is displayed in the Advices screen. The party type to whom a specific advice should be sent is picked up automatically based on the type of LC being processed and the parties involved.

From the LC Transfer screen click 'Advices' tab. The advices screen is displayed.



The advices defined for the event transfer will be displayed. You can choose to suppress any of them. The address of the party to whom the advice is addressed to will be picked up by

default, based on the media and address maintenance for the party. These can be changed if required.

For a payment message by SWIFT, you also have the option to change the priority of the message.

You can capture the following details:

Suppress

By default, all the advices that have been defined for a product will be generated for the LCs involving it. If any of the advices are not applicable to the LC you are processing, you can suppress its generation by Checking against the suppress field.

Priority

For a payment message by SWIFT, you also have the option to change the priority of the message. By default, the priority of all advices is marked as Normal. The priority of a payment message can be changed to one of the following:

- Normal
- Medium
- High

Medium

The medium by which an advice will be transmitted and the corresponding address will be picked up based on the media and address maintenance for a customer.

You can, however, change either of these while processing the LC. Typically, if changed, both of them will be changed.

After selecting the advices to be generated for the LC, click on ‘Ok’ to save it. Click ‘Exit’ or ‘Cancel’ button to reject the inputs you have made.

Free Format Text instructions (FFTs) are a set of instructions or statements that are applicable to the LC that you process. It can be used to enter additional details related to the LC you are processing. In the LC Transfer - Advices screen you can specify the FFTs that should accompany an advice, generated for an LC. When you select an advice code on this screen, the advice code together and the party type, to which it is to be sent, is displayed in the FFT section. This indicates that the FFTs that you specify will appear on the advice, which is displayed and will be sent to the party type that is displayed.

All the FFTs defined for the advice, at the product level will also be displayed. You have the option to add to or delete from the list of FFTs defaulted for an advice.

Free Format Text Code

To add an FFT to the list, click add icon. Select an FFT code from the adjoining option list that is displayed.

Text

After selecting the code that identifies the FFT you wish to attach to the advice, its description is automatically picked up and displayed. The FFT description can be changed to suit the requirements of the LC you are processing.

Single

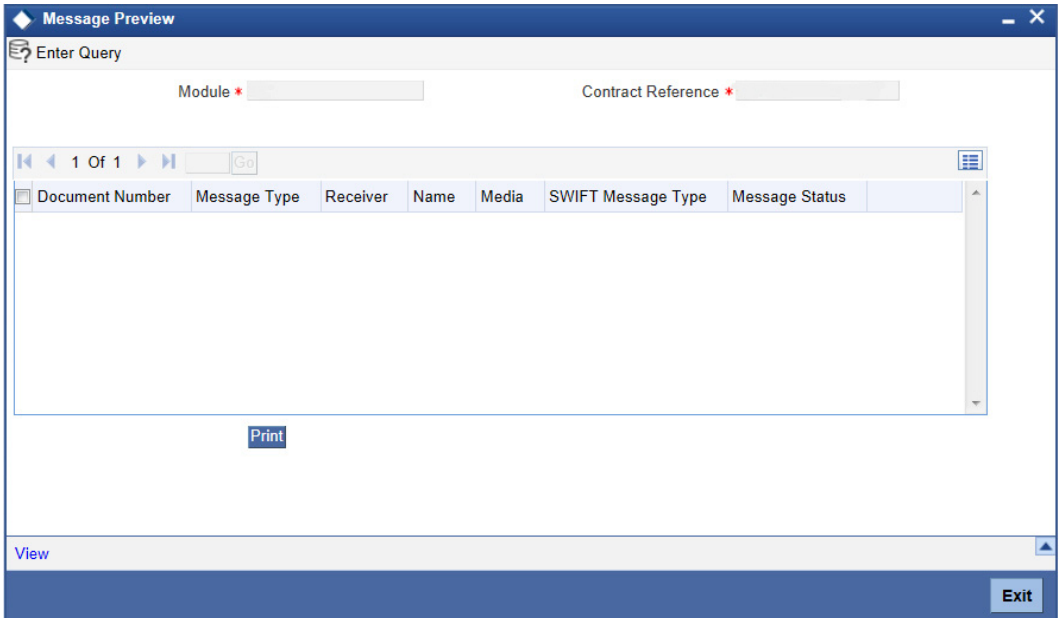
Check this option to indicate that the FFT is a single message.

Note

FFT's added for the tag's 47, 72 and 78 will be shown in swift message MT720.

9.1.10 Previewing Messages

You can preview the messages or advices that will be generated for the contract using 'Message Preview' screen. To invoke this screen, click 'Message Preview' button.



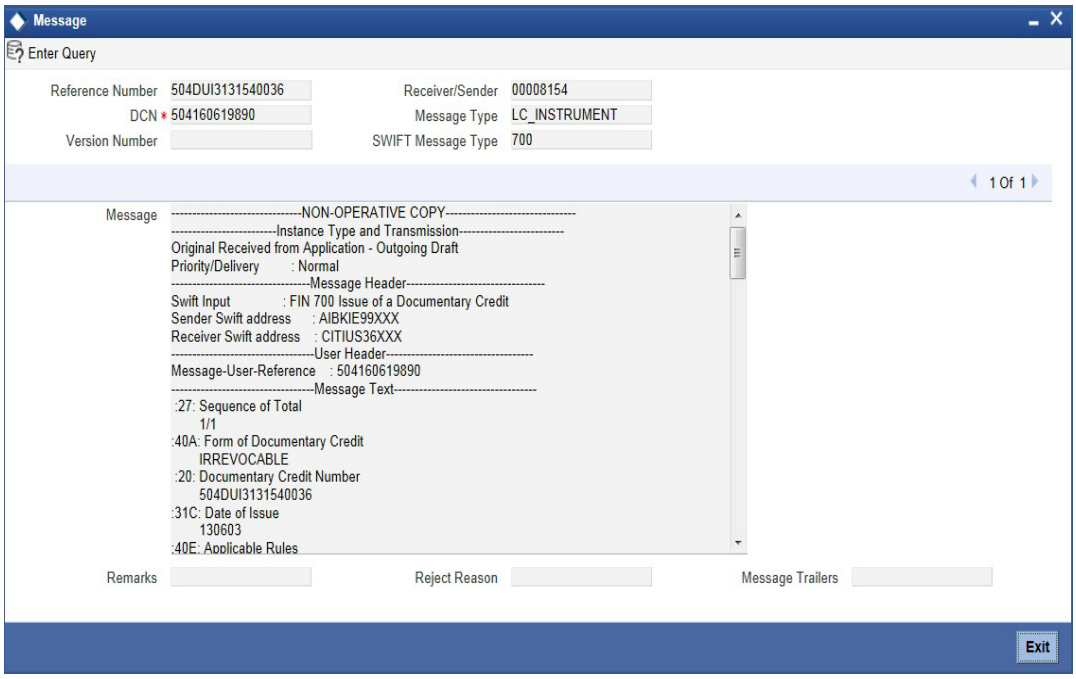
For the contract, you can view the following details of the messages:

- The document number generated for the message/advice
- Type of message generated for the event
- Customer ID of the receiver of the message/advice
- Name of the receiver of the message/advice
- Media of transmitting the message/advice (Mail/SWIFT)
- SWIFT message type of the message
- Status of the message/advice

You cannot preview the messages once the contract is authorized. The 'Message Preview' button will be disabled.

9.1.10.1 Viewing Message/Advice

Select a message/ advice and click ‘View’ button to view the complete message/advice. The system will display the following details in a new window.



You can view the following details:

- Reference number of the message/advice
- Document number generated for the message/advice
- Version number of the message/advice
- Receiver/sender of the message
- Type of the message
- Type of the SWIFT message
- Complete text of the message/advice
- Remarks, if any
- Reject reason, if any
- Message trailer

9.1.10.2 Printing Message/Advices

From the ‘Message Preview’ screen, you can print or spool a message/advice using ‘Print’ button. Select the message/advice and click ‘Print’ button to print the message/advice.

9.1.11 Note on Transfers made from Import and Export LCs

How Transfers from Import LCs are Processed

While transferring an import LC, the original LC is modified to include the additional details of the transferred LC. For instance, the new beneficiary and new advising are added to the existing list of parties.

In Oracle FLEXCUBE, the transfer made from an LC will be taken as a new event ‘TRNF’. Availment made by the new beneficiary against the transferred LC will be tracked against the original LC.

How Transfers from Export LCs are Processed

In the case of an Export LC, a new LC will be opened for each transfer that you make from the original LC. The transfer amount will be taken as the new LC amount.

On authorizing the transfer,

- an availment to the tune of the transferred amount is made against the original LC i.e. the outstanding amount of the Original LC will be reduced by the transfer amount
- a new LC is created based on the transfer details that you specified

The transferred LC will be separated from the original LC. Availment made from the new LC will not affect the outstanding of the Original LC.

9.1.12 Authorizing LC Transfer

An LC transfer that you have entered should be authorized before the EOD is run. You can authorize the same by clicking the 'Authorize' icon on the Application toolbar.

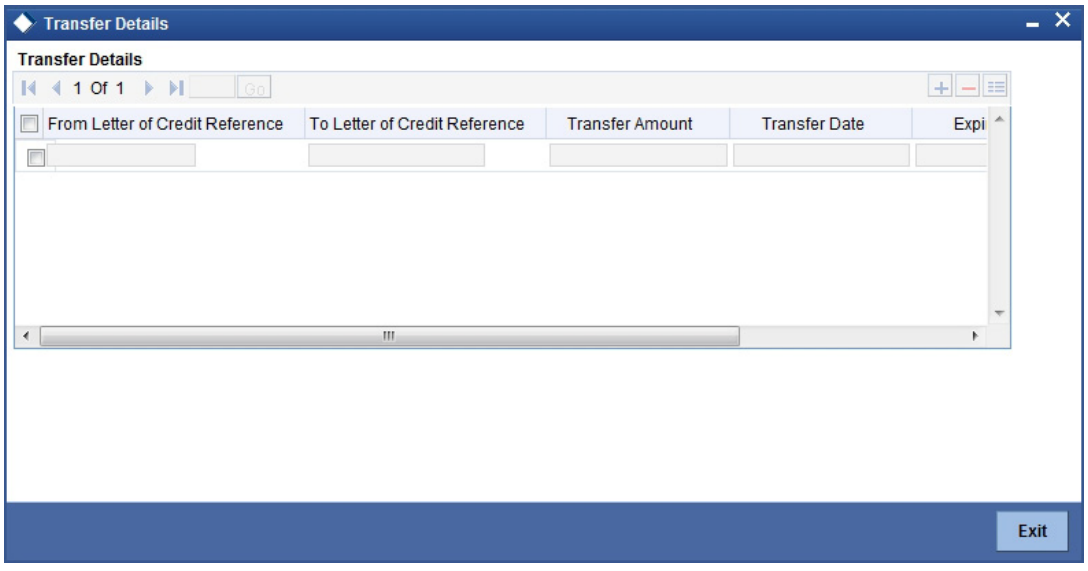
Note

You cannot authorize a LC transfer from the 'Letters of Credit Transfer Input' screen in the following cases:

- the contract has multilevel of authorization pending, the same will be done using the 'Multilevel Authorization Detailed' screen
- the level of authorization is greater than or equal to 'N'
- the 'Nth' or the final level of the users authorisation limit is less than the difference between amount financed and sum of the limits of all the users involved in authorizing a transaction, this case holds good when the 'Cumulative' field is checked in the 'Product Transaction Limits Maintenance' screen
- the transaction amount is greater than the authoriser's authorisation limit if the 'Cumulative' field is unchecked in the 'Product Transaction Limits Maintenance' screen

9.1.13 Viewing Details of Transfers made to the LC

Click 'Transfer Details' button from the LC Contract screen to view details of the transfers that were made from the LC.



The following transfer details are displayed:

- The LC from which you are transferring funds
- The transfer amount
- The transfer date
- The expiry date
- The shipment date

Click ‘Exit’ button to exit the screen. You will return to the ‘LC Contract’ screen.

Note

Although you can initiate the transfer of an LC to more than one secondary beneficiary on behalf of the primary/original beneficiary, a secondary beneficiary can only transfer it back to the original beneficiary. The system will display an error message if a secondary beneficiary initiates a transfer with ‘Party ID’ different from that of the original beneficiary.

10. Liquidation of Components of LC

10.1 Introduction

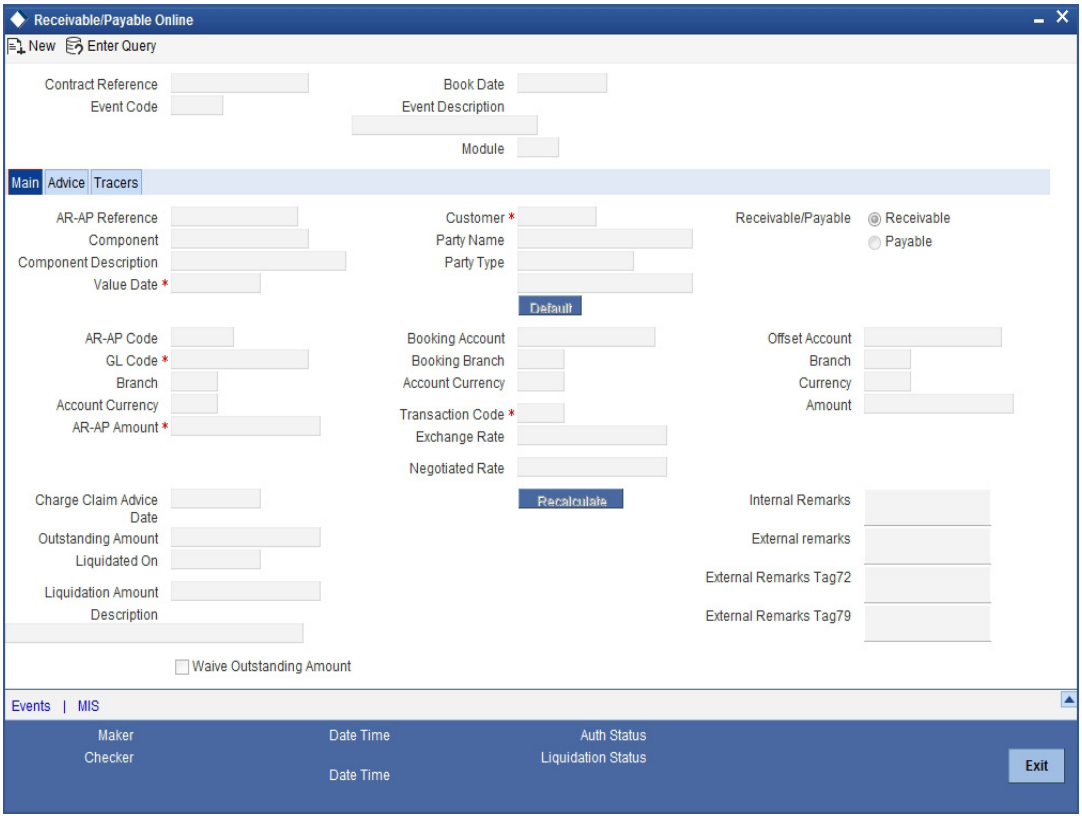
Whenever you have to collect a component (typically for a commission or charge, or under certain circumstances the availment amount or the collateral amount), you debit it from the customer's account. On some occasions, you may have to debit it from an internal receivable GL, to be debited from the customer account at a later date.

The debiting of the receivable account happens at the event for which the commission or charge has to be collected (issue of an LC, amendment of an LC, availment against an LC, etc.). When the customer account has to be debited at a later date, you have to perform, what is termed as receivable liquidation. There are two related functions associated with liquidation:

- A batch process that reverses the liquidated receivable components, for a contract that is reversed during the day (the LQ EOTI function)
- A batch process that generates the charge and commission claim advice to the party on behalf of whom a charge or commission was debited, from a receivable account during the day (the LQ EOD function)

10.2 Maintaining Online Receivable/Payable Details

You can pass manual entries into LQ Module to maintain additional entries into AR/AP LQ Module in the 'Receivable/Payable Online' screen. You can invoke 'Receivable/Payable Online' screen by typing 'LQDTRONL' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Liquidate the components of an LC that have been put in a receivable account Reverse the liquidation of a receivable component.

For further details on generic attributes that you can define for liquidation of an LC contract, please refer the 'Liquidation' User Manual under Modularity.

10.2.1 Liquidating Receivable Components of LC

Once you enter the reference number of the LC in the Receivable Liquidation screen, the system automatically assigns a unique liquidation reference number to the component you are liquidating. Besides this, the following details of the LC are picked up and displayed:

- The counterparty (customer) code
- The Value Date of the LC
- The account to which the liquidated amount should be credited
- The currency of the receivable account
- The branch to which the account belongs
- The total outstanding amount for the component as of the value date (the date on which the payment is being made)
- Details of the tracers that were generated thus far for the outstanding component
- The Status of the LC

You can specify the following details for the Liquidation:

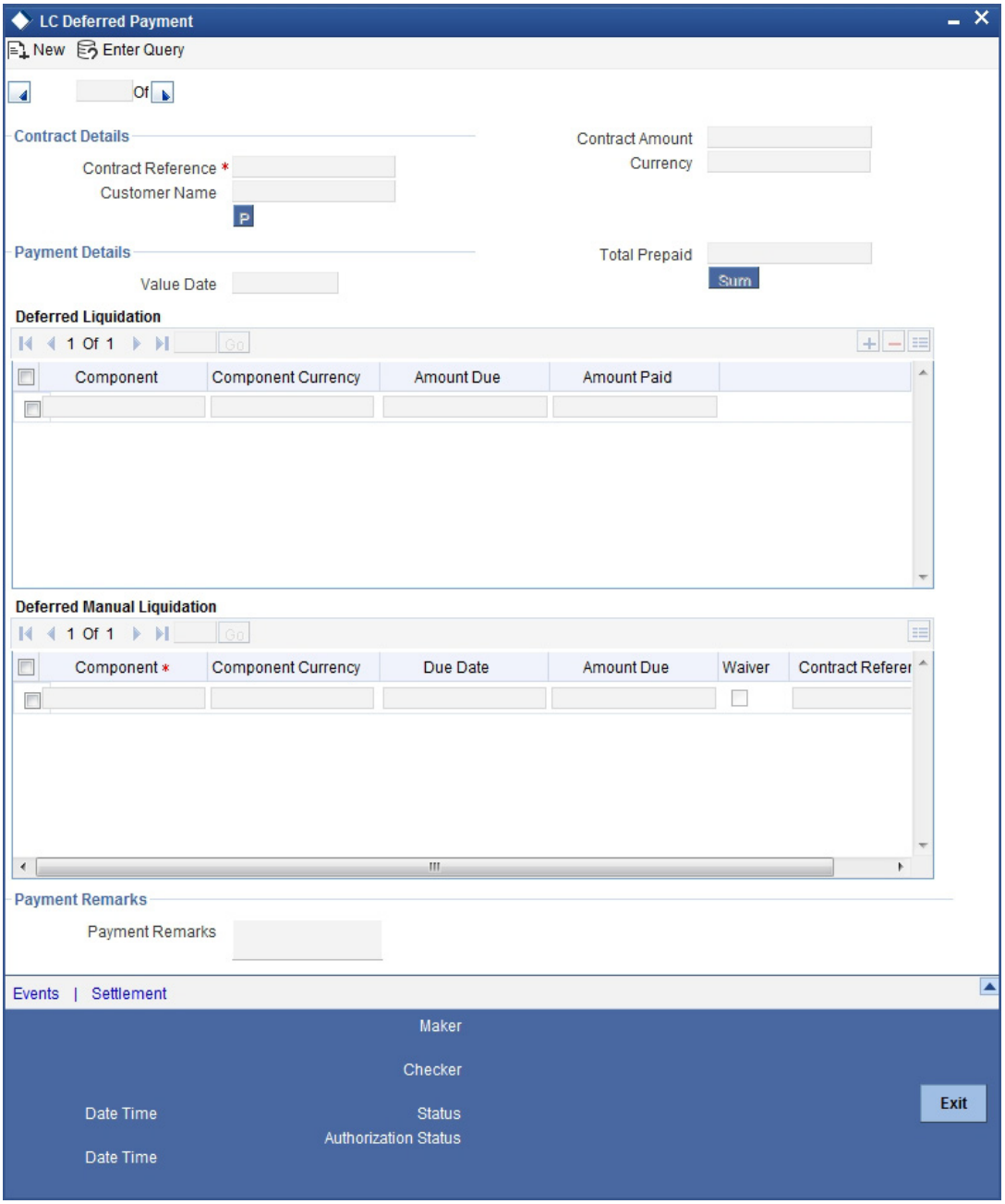
- The account that should be debited for the liquidation amount
- The branch to which the account belongs
- The currency of the account
- If the component currency and the currency of the account to be debited for the liquidated amount are different, you can indicate the exchange rate to be used in the conversion. By default, the exchange rate specified for the product under which the LC is processed, will be displayed. You can change this and the changed rate should be within the variance limit specified for the product.

The outstanding components of an LC are displayed for each event. To liquidate an outstanding component, click 'Liquidate' icon on the toolbar.

After the liquidation of an outstanding component, if there are other outstanding components for the event, the system will inform you of them and prompt you to liquidate them as well.

10.2.2 Liquidating Receivable Components of LC Manually

You can liquidate the outstanding components manually using ‘LC Deferred Payment’ screen.



Specify the following details:

Contract Details

Specify the following details:

Contract Reference Number

Specify the contract reference number. The adjoining option list displays all the valid contract reference number. You can choose the appropriate one.

Contract Amount

System defaults the contract amount from the LC contract.

Customer Name

System defaults the name of the customer from the LC contract.

Currency

System defaults the currency from the LC contract.

Payment Details

Specify the following details:

Value Date

System defaults the value date to the application date. Howewever, you can not modify the value.

Total Prepaid

Specify the total prepaid amount.

Payment Remarks

Specify your remarks regarding the payments.

Component

System defaults the component from the LC contract.

Component Currency

System displays the component currency.

Amount Due

The total amount due for the charge components till date is displayed by the system during payment as the payment breakup.

Amount Paid

Specify the total amount paid.

Component

Specify the component.

Component Currency

Specify the component currency.

Due Date

System displays the due date.

Amount Due

The total amount due for the charge components till date is displayed by the system during payment as the payment breakup.

Waiver

Check this box to indicate that the receivable charge amounts should be waived during manual liquidation.

You can liquidate the outstanding charge components using ‘Manual Liquidation’ screen. Upon full liquidation of the component, the system updates the status of the component from Receivable to Liquidated. System updates the amount liquidated in the receivable component details.

10.2.2.1 Event for Manual Liquidation of LC charges

The accounting entries maintained in 'MLIQ' event (manual liquidation event) will be passed for the amount paid. The following accounting entries are maintained:

Dr/Cr	Accounting role	Amount tag propagated from LC
Dr	CHG_CUST_ACC	LC_CHG_LIQD
Cr	LC_CHG_RECV	LC_CHG_LIQD

These Accounting entries are maintained when there is a Accounting entry maintained in BADV for transferring into Receivable. If the accounting entry is not maintained in the BADV then the Cr Leg will be Income GL.

During manual liquidation of LC charges, the system allows for waiver of certain components. Upon setting the waiver flag, the system will default the amount paid as the amount due and will not allow to modify the same for the component. Upon waiver, the system marks the component in the LC data store as liquidated. Depending on whether the amount is liquidated or waived appropriate amount tags will be populated.

System displays the amounts for waiver as negative amounts. Partial waivers is not allowed.

The accounting entries maintained in 'WAIV' event (waive event) will be passed for the amount paid. The following accounting entries are maintained:

Dr/Cr	Accounting role	Amount tag propagated from LC
Dr	LC_CHG_RECV	LC_CHG_WAIV
Cr.	LC_CHG_INC	LC_CHG_WAIV

10.2.2.2 Processing Charge for Lc Contracts

The system stores the charge components in the new data store as receivable with the entire of the charge as amount due if the 'Collect LC advising charges in Bills' option is checked for the respective Charge components.

10.2.2.3 Processing LC Closure

Upon Closure of the LC, system validates if there are any outstanding receivable components in the LC (Charges meant to be collected from Bills availed against the LC). The system will display configurable error messages indicating the same.

10.2.2.4 Setup in case advising charges income to be recognised in LC

The following accounting role is used as a part of liquidation of Charges to be transferred as part of any event of LC.

Accounting role	Description
LC_CHG_RECV	LC Charges Receivable

The above accounting role is used for BC module also.

For example, LC_CHG component are defined in LC product with ‘Collect LC Advising Charges in bills’ option checked. The following accounting entries are maintained in the liquidation events of the LC charges components, which are marked to be transferred to BC:

Dr/Cr	Accounting role	Amount tag propagated from LC
Dr	LC_CHG_RECV	LC_CHG_LIQD
Cr	LC_CHG_INC	LC_CHG_LIQD

The above accounting entries are for charge components.

For LC products, you have to set up accounting to liquidate advising charges using receivable GL. If the accounting role for the DR leg of the accounting entries is setup as customer role, the same will be recovered from the customer and will not get transferred to Bills.

The setup on Bills module as part of LIQD will be as follows:

Dr/Cr	Accounting role	Amount tag propagated from LC
Dr	BC Customer	LC_CHG_LIQD
Cr	LC_CHG_RECV	LC_CHG_LIQD

10.2.2.5 Processing STP

When MT742 (reimbursement Claim) is received, import bill is booked. At the time of this processing, LC charge components which are marked to be collected on bill is transferred to the bill.

Upon Liquidation of the Bill, system generates MT756. In Tag 72 ‘SNDRCVRINFO’ (6*35) FFT is used. System informs the claiming bank about amount deducted for advising charges.

System generates the payment message for Bill amount.

10.2.3 Specifying Details of Advices for Liquidation

The advices that can be generated for the events that occur during the life cycle of an LC, are defined for the product involved in the LC. In this screen you can specify the advices that should be generated to the parties concerned, indicating that you have liquidated a receivable component of the LC.

The details of two advices are shown in this screen:

- Charge Claim Advice
- Debit Advice

The Charge Claim Advice will, be generated at EOD, on the day the receivable account is debited. This is the event for which a charge is attached or a commission liquidation event (Event Code CLIQ). Its details whether it was suppressed during the event, the medium through which it was transmitted and the date on which it was generated will be displayed. This is for information purposes only.

The Debit Advice is generated when the receivable components of the LC are liquidated. You can suppress the generation of the advice or change the media and priority when you are processing the liquidation.

Suppressing the Generation of an Advice

By default, all the advices defined for the product involved in the LC will be generated. If you do not want to generate a specific advice, you can suppress its generation by indicating so.

Priority

Priority applies to the advices that need to be sent, through media like S.W.I.F.T. or TELEX. By default, the priority of all advices is marked as normal. Advices can be prioritized to one of the following options:

- Normal
- Medium
- High

Indicating the Medium for Generation

It is mandatory to also specify the medium through which an advice is to be transmitted. An advice can be transmitted through Telex, Mail, S.W.I.F.T or any other media that you have defined in your branch. You can select the appropriate medium code from the picklist.

In addition, the details for the Charge Commission Tracer are also displayed. This tracer is generated after the event has taken place till the component is liquidated. These details are for information only. They are defaulted from the product under which an LC is processed.

10.2.3.1 Accounting Entries passed during Account Receivable Liquidation

For example,

Your customer, Mr. Sam Brown has requested you to issue an LC on 01, Jan'98. You have debited a receivable account since Mr. Brown's account does not have the necessary balance to pay the commission.

On 30, Jan'98 Mr. Brown pays the commission that was due on 01, Jan'98. When you liquidate the commission component of the LC you will have to debit Mr. Brown's account and credit your debited receivable account.

The accounting entries passed on 01, Jan'98 (the date commission was due)

Dr	Commission Receivable Account
Cr	Income Account

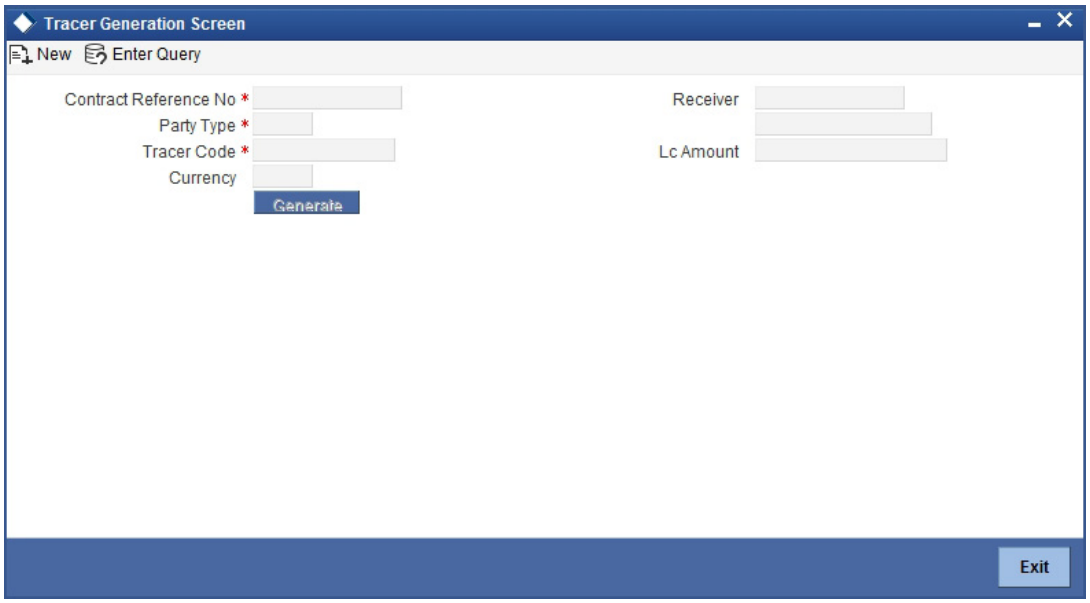
On Liquidation the following entries are passed:

Dr	Mr. Sam Brown's account
Cr	Commission Income account

10.3 Generating ACK_TRACER and CON_TRACER Manually

The system generates tracers under TRGN event, which can be viewed from the respective Contract or Outgoing Browser screens. You can manually generate ACK_TRACER and CON_TRACER using 'LC Tracer Generation' screen. You can invoke 'LC Tracer Generation'

screen by typing ‘LCDTRGEN’ in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



You can maintain the following parameters here:

Contract Reference No

Specify contract reference number for which the ACK_TRACER and CON_TRACER are maintained at the contract level, from the adjoining option list.

Party Type

Specify party type of the specified contract reference number from the adjoining option list.

Tracer Code

Specify code of the tracer you need to generate manually. The adjoining option list displays tracers which are selected as required at LC contract level. You can select the appropriate one.

Currency

Currency of the contract is defaulted here based on the details maintained at contract level.

Receiver

Receiver of the contract is defaulted here based on the details maintained for specified party type.

LC Amount

LC amount of the contract is defaulted here based on the details maintained at contract level.

Click ‘Generate’ button. The system generates tracer message corresponding to the specified ‘Tracer Code’ based on the ‘Receiver’s Default Medium’ format

11. Credit Limit Tracking for LC

11.1 Introduction

When you issue an import LC or advise and confirm an export LC, you would track your liability against the party on behalf of whom you are undertaking a liability. For an import LC, you would track the exposure against the applicant while for an export LC that you confirm, you would do so for the issuing bank.

In Oracle FLEXCUBE, credit limit tracking is done using credit lines allotted to a customer. The credit line allotted to the party against whom you want to track your liability, should be indicated while you capture the details of an LC. In the case of an amendment, from advise of an export LC to advise and confirm, you can indicate the credit line during the amendment also.

You can specify Central Liability details for an LC, in the 'LC Contract Party details' screen. To invoke this screen, you have to click on the 'Parties' tab from the 'Contract Main' screen.

The amount that is tracked will be the LC Liability Amount. It is arrived at as follows:

Liability Amount = Maximum LC Amount + Liability % of the LC amount

In the case of an LC revolving in time, the liability amount will be calculated taking into account all the scheduled reinstatements.

11.2 Specifying Whether Limit Tracking is Required

Every credit-seeking customer of your bank is assigned a credit limit under a Credit Line.

Check against the credit limit tracking option, to indicate that the LC liability amount should be tracked against the credit limit assigned to the customer. Leave it unchecked to indicate you do not wish to track the LC liability amount against the credit limit assigned to any of the parties involved in the LC.

Specifying the Party against whom Credit should be Tracked

You would have already captured the details about the different parties involved in the LC. For each party type (APP, ABK, ISB, etc.), you would have specified the details of the party.

While specifying credit limit tracking details, you have to just indicate the party type against whom you want to track the credit limit. The party details are picked up by default.

The CIF ID of the Party

When you specify a party type against whose credit limits you wish to track the LC amount the CIF ID assigned to the party is automatically picked up and displayed.

Note

The system prompts override messages:

- If the LC expiry date is later than any linked collateral's expiry date.
- If the LC expiry date extended as part of amendment is later than any limit line's expiry date.

The system will validate when a new limit line is attached during actions other than New.

11.2.1 Specifying Limit Tracking Tenor

While maintaining the preferences for the contract, you can specify whether you want to track the limits based on LC tenor or the Max Draft tenor (Usance period). For this you need to indicate your preference by selecting the appropriate checkbox.

Note

The credit lines are displayed depending upon the preferences specified at the time of creating the line. E.g. Products allowed, branch allowed etc.

For all the contracts, you can change your preference for limits tracking before or after authorization. However every time you change the tenor type you need to select a credit line again. Subsequently, tracking will be done for the new tenor and credit line.

11.2.2 Indicating Credit Line under which the Liability Amount should be Tracked

You have to specify the credit line of the party against which the LC liability amount has to be tracked.

If more than one credit line has been defined for the party, only those credit lines whose restrictions are in line with that of the LC will be displayed. The restrictions could be one of the following:

- Tenor
- Product
- Branch
- Currency

In addition, the expiry date of the line should be before the Issue Date of the LC.

Note

When you enter an LC for a customer, and choose a line, the cash collateral percentage defined for the customer and line will default. If you have not defined the cash collateral percentage for a customer and a line, the cash collateral percent defined for the product will default to the LC Contract. You can change this default value to suit the LC you are processing.

12. Automatic Processes

12.1 Introduction

The following processes relating to the LC Module can be made automatic:

- Automatic closure
- Automatic calculation of periodic commission
- Automatic liquidation of periodic commission
- Automatic reinstatement of the LC amount
- Automatic status update
- Automatic accrual of commissions
- Generation of tracers
- Closure of open insurance policies

The events that are to take place automatically are triggered off during the Batch Process. The batch process is an automatic function, run as a mandatory Beginning of Day (BOD) and End of Day (EOD) process. During EOD, the batch process should be run after End of Transaction Input (EOTI) has been marked for the day, but before End of Financial Input (EOFI) has been marked for the day. The tracer generation function should be run after end-of-financial-input (EOFI) has been marked for the day.

Note

You should maintain the LC EOD function as a mandatory batch process, once as a BOD and the next as a Pre-EOC program. It is maintained in the EOC mandatory programs table of the Core Services module. The tracer generation function should also be defined as a mandatory EOD function.

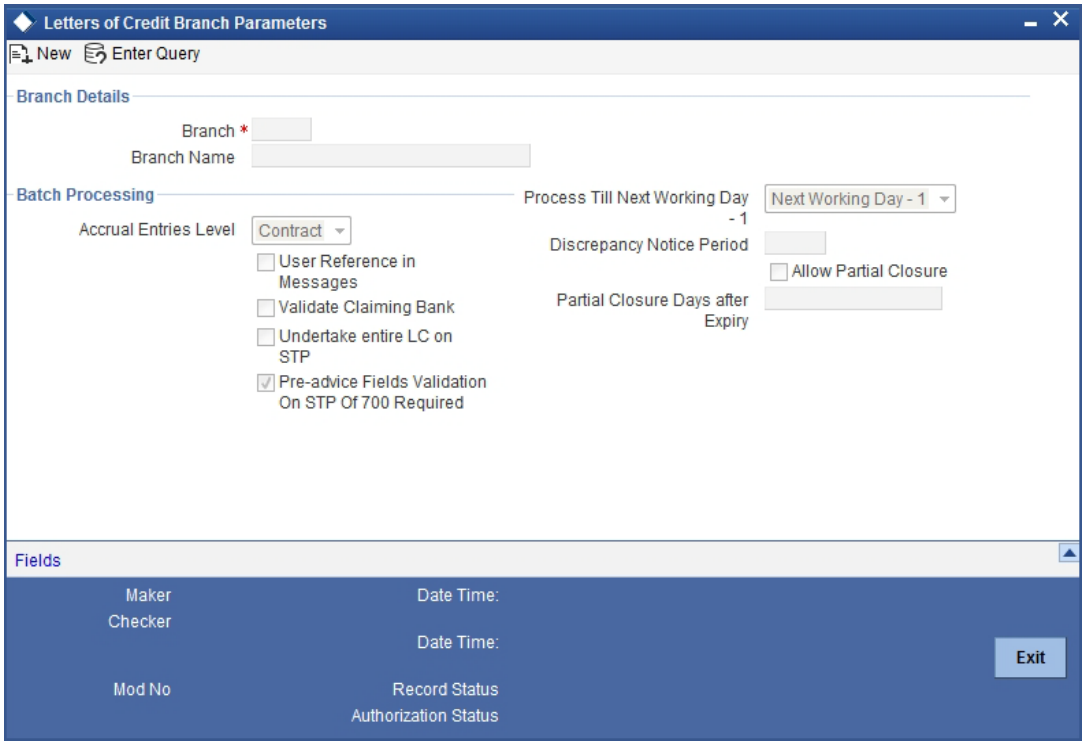
The contracts that will be processed by the batch processes depend on the definition in the Branch Parameters screen.

12.2 Maintaining Branch Parameters

A set of rules that govern the LCs processed through the LC module, in a particular branch of your bank, is defined in the ‘Branch Parameters’ screen.

From the Application Browser, choose ‘Letters Of Credit’ and ‘Branch Parameters’ under it.

You can also invoke this screen by typing ‘LCDBRPRM’ in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. Then, the ‘Letters of Credit - Branch Parameters’ screen will be displayed.



The events, for which you had indicated automatic processing, are triggered off during the Batch Process. You can specify preferences for the automatic events that fall on a holiday, in the Branch Parameters screen. In addition, you can also specify the level at which accrual entries should be passed, for LCs in your branch.

Specifying Preferences for the Automatic Processing of LCs

You have the option to specify, that the batch process should process automatic events falling due on a holiday should.

The same can be processed on either of the following ways:

- Next Working Day - 1
- Upto System Date

If you indicate that the processing has to be done upto the Next Working Day - 1, all the automatic events falling due on the holiday will be processed by the batch process, as part of the EOD on the last working day, before the holiday.

If you indicate that processing has to be done only upto the System Date, then only the events scheduled for today (the last working day before the holiday) will be processed. The events falling due on the holiday are processed by the batch process, as part of the BOD process, the first working day after the holiday.

For example the current branch date is 20 March 1998. On 21 March 1998, which is a holiday, the following automatic events fall due:

- The automatic closure of an LC
- Automatic reinstatement of the LC amount
- Automatic accrual of commission and charges

Next working day - 1

If you specify that the processing should be done on the last working day - 1, the above events will be processed on March 20, as part of the batch process run at End of Day.

System date

If you specify that the processing should be done only upto the system date, then the events scheduled for 21 March 1998, will be processed as part of the Batch Process run as part of Beginning of Day on 22 March 1998.

Indicating whether User Reference Number should be Displayed in the Advices Generated

If you wish to display the user reference number in the advices that are generated for a contract, select the 'Use user reference no in messages' option. All the advices generated at your branch will display the appropriate user reference number.

Note

You can specify a format for the generation of the User Reference Number in the 'Sequence Generation' screen available in the Application Browser. Refer to the Core Services User Manual for details on maintaining a sequence format.

Specifying the Level at which Accrual Entries should be Passed

At the time of creating a product, you have specified

- Whether accrual of Commission is allowed for the product
- The frequency with which the accrual entries should be passed
- The accounting entries that should be passed for the accrual event

An LC will inherit the accrual frequency defined for the product under which it is processed.

In the Branch Parameters screen, you indicate the level at which the accrual entries have to be passed. The level can be:

- Product
- Contract

If you indicate that automatic accrual should be done at the product level, a single entry for all the LCs, for which commission was accrued automatically, will be passed. This helps reduce the time taken to pass individual entries. If you indicate that the automatic commission accrual process should pass accrual entries at the contract level, accrual entries will be passed for each LC for which commission was accrued automatically.

Specifying the Discrepancy Notice Period

Discrepancies are likely to be found while processing Incoming or Outgoing bills under LCs. You can specify a period within which the discrepancy details should be added to the bills. This period will be calculated from the date of presentation of the bills (which is typically the booking date of the bill) to the issuing bank/confirming bank.

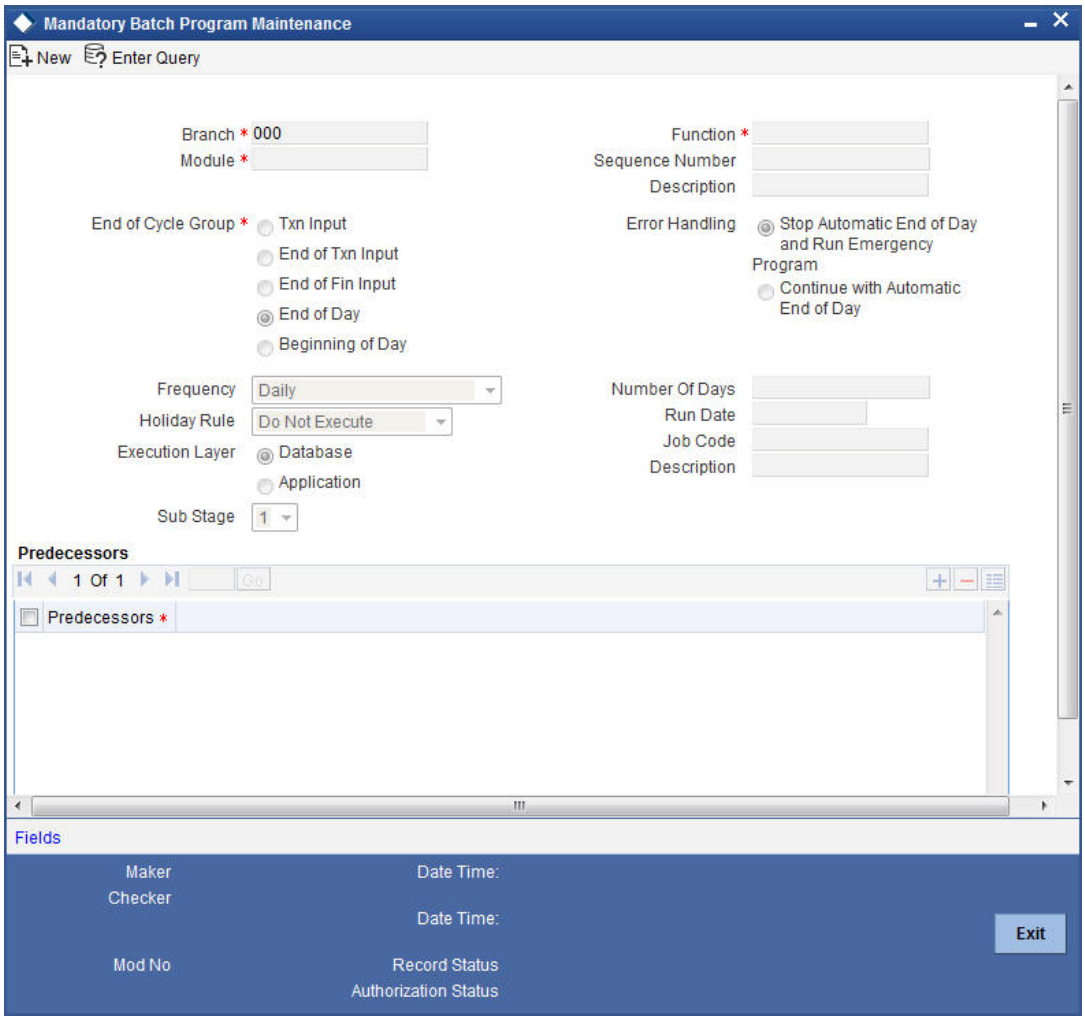
The system will display an override if the discrepancies are added to the bills (in the 'Bills – Contract Details' screen) after the discrepancy notice period.

For details on processing a bills contract, refer the 'Processing Bills' chapter of the BC (Bills and Collections) User Manual.

12.2.1 Invoking LC Batch Process

Batches are run automatically. In the mandatory programs, all batches whichever are required will be maintained in sequence and that is triggered automatically as based on the maintenance in the 'Mandatory Batch Program Maintenance' screen.

You can invoke this screen by typing 'EIDMANPE' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Module

Choose the module code from the adjoining option list.

Function Identification

Choose the function ID of batch that you wish to run. The adjoining option list displays all batch processes available for the module. Select the appropriate one. You can configure the batch to be run at various stages of day like EOD, EOTI etc.

For further details about this screen, refer the chapter 'Setting- up Mandatory Programs for EOD' in the AEOD User Manual.

12.2.2 Automatic Events Executed During Beginning of Day (BOD)

The Batch program when run as part of BOD processes the following events:

- Automatic liquidation of periodic commissions
- Automatic Reinstatement of an LC

- Calculation of periodic commission

12.2.3 Automatic Liquidation of Periodic Commission

The periodic commission components of an LC will be automatically liquidated, if the commission components fall due on or before the current system date. As a part of BOD, this function liquidates the commission components of the LC contracts, whose commission liquidation date is between the last working date and the current processing date.

The commission components that are liquidated by this function are posted to the accounts specified, in the settlements screen of the LC. This may be a customer's account or a receivable account. On liquidation of the commission components of an LC by the function:

- The necessary tax related entries associated with the liquidation will be passed
- The necessary debit advices will be generated
- The relevant accounting entries will be passed. Typically they would be

If collected in arrears:

Role	Role Description	Amount Tag	Dr/ Cr
COMM_CUST_ACC	Customer account	Commission	Dr
CENC	Commission Earned Not Collected	Commission	Cr

If collected in advance:

Role	Role Description	Amount Tag	Dr/ Cr
COM-M_CUST_ACC	Customer account	Accrual amount	Dr
COMM_RIA	Commission Received in Advance	Accrual amount	Cr

As a part of EOD, this function liquidates the commission components of all the LC contracts, for which commission liquidation date falls between the current processing date and the next working date.

If the next working day happens to fall in the next month, this function will pick up only those contracts whose commission liquidation date, falls within the current processing month.

The following reports will be generated when the commission components of the LC, are automatically liquidated:

- An activity report, which lists the contracts whose commission components were liquidated
- A report on the exceptions that were encountered during the liquidation of the commission components like account closed, no funds in the account, etc.

12.2.4 Automatic Reinstatement of LC

All LC contracts, for which you had specified automatic reinstatement, will be reinstated when the batch process for the day, is run as part of BOD.

The revolving details specified for the LC, in the Contract Main screen, are used to reinstate the contracts. The reinstatement is done subject to the Maximum Liability and the Maximum LC Amount allowed for the contract. The unutilized credit is removed from the contingent entries for non-cumulative LCs.

For LCs that revolve in time, the LC Amount and the Maximum Liability Amount is reset based on the frequency of reinstatement (the value of frequency can be either Days or Months depending on the 'Units' you specify for the contract). In the case of an LC, which revolves in value, the LC amount is reset when the current availability under the LC is reduced to zero. Thus, the reinstatement for LCs which revolve in value is done during beginning of day on the next day. It is done after the availment that makes the current availability to zero is made.

When LCs are automatically reinstated, the necessary accounting entries and advices specified for the event code REIN (reinstatement), will be passed automatically.

As a part of the BOD process, this function reinstates all the revolving LCs (specified with automatic reinstatement), which needs to be reinstated. This is determined by two factors:

- Whether the LC revolves in time and the next revolving date is less than or equal to the current date or
- The LC revolves in value and the unavailed amount under the LC, is reduced to zero by the availments that were made.

During EOD, the auto reinstatements scheduled for the next day will be done under the following conditions:

- The next day is a holiday
- You have specified in the Branch Parameters table, that events scheduled for a holiday should be processed, on the working day before the holiday. If the next working day happens to fall in the next month, this function will pick up only LCs that has their next revolving date within the same month. The processing for such LCs will be done during BOD on the next working day.

All contracts that were automatically reinstated on a day, will appear in the Activity Report for the day. The exceptions encountered during the reinstatement i.e. the contracts, which should have got reinstated, but were not, will figure in the Exception Report.

12.2.5 Processes Run during End of Day (EOD)

The Batch program when run as part of EOD processes the following events:

- Automatic closure of contracts
- Automatic accrual of commissions

12.2.6 Automatic Closure of LC

All LC contracts for which you had specified automatic closure and which are due for closure as of today, will be automatically closed when the batch processes for the day is run. The accounting entries specified for the closure will be passed.

If an LC is linked to an open insurance policy for which the option 'Update utilization Automatically' is checked, then on this date, the system will decrease the utilization on the policy with the LC amount.

12.2.7 LC Auto Closure Batch

If the 'Auto Closure' check box is checked at the contract level, then system will close those contracts. If the 'Allow Partial Closure' option is checked at the branch level, then system does the following processing as part of the Closure Batch:

- If the entire LC amount is utilized, the system triggers PCLS event on the expiry of the partial closure days specified. The LC will be closed on the LC closure date.
- If the LC is partially utilized, then the system will fire an event 'PCLS' (Partial Closure of LC) and the Limits, Outstanding Liability and the Cash Collateral for the unutilized amount will be released.

For example, an LC of USD 1000 is created.

A Bill of USD 700 is created in Initial stage by linking the above LC.

The system initiates the automatic partial closure process after the expiry of the number of partial closure days specified in 'Letters of Credit Branch Parameters Maintenance' screen. As a part of the closure batch (if the new branch level flag is checked), the system releases the limits, OS liability and cash collateral for USD 300 by retaining USD 700 assuming that the Bill to which the LC is linked will be availed at the later stage

Once PCLS event is fired for an LC contract, system does not allow any operation on the LC other than LC Closure (CLOS). You can reopen the closed LC as existing. While reopening the LCs for which PCLS has fired earlier, the Limits will be tracked, OS Liability and Cash collateral will be increased to the extent of the amount released as part of PCLS. In the above example, Limits will be tracked for USD 300 and the OS Liability and Cash collateral will be increased for USD 300.

After PCLS is fired on the LC contract, if the Bill contract to which the LC is linked is reversed, the Limits, OS Liability and the Cash Collateral will not be released automatically. You have to manually close the LC.

System does not release the linkages to the LC automatically, as part of PCLS firing during batch. This has released manually as part of manual partial closure. The above processes are skipped for the LC contracts under the product for which the 'Revolving' is 'Yes'. System manually handles the generation of MT799.

In case of a partially confirmed export LC contract, the system excludes the bill amount in the initial stage from the confirmed and unconfirmed portions.

For example consider an export LC with the following details:

LC Amount : GBP 10000

Confirmed Amount : GBP 7000

Unconfirmed Amount: GBP 3000

By linking this LC, a bill of GBP 2000 has been created at Initial stage.

During partial closure, the system releases the liability, limits and cash collateral for GBP 8000. The amount of GBP 2000 is retained as the bill to which the LC is linked may be availed at a later stage.

The system passes the following entries on PCLS:

Dr / Cr	Account Role Code	Amount Tag	LCY Amount	LCY Amount Description
Dr	LC_OCU_OFFSET (Unutilized Credit Offset)	UCNF_LIAB_OS_AMT	3000	Unconfirmed LC Amount
Cr	LC_OCU (Outstanding Credit Unutilized)	UCNF_LIAB_OS_AMT	3000	Unconfirmed LC Amount
Dr	LC_CNF_OFF (Confirmation of LC Offset)	CNF_LIAB_OS_AMT	5000	Confirmed LC Amount
Cr	LC_CNF (Confirmation of LC)	CNF_LIAB_OS_AMT	5000	Confirmed LC Amount

When the bill is booked in the final stage, AVAL event is triggered. The system initially considers the confirmed portion on AVAL event.

The bill amount in initial stage, GBP 2000, will be excluded from the confirmed portion. The remaining GBP 5000 will released. On the unconfirmed portion, the entire amount of GBP 3000 will be released.

12.2.8 LC Automatic Status Update Batch

During EOD operations, the status update batch automatically processes status changes of LC contracts. The batch examines the contracts for the status of the checkbox ‘Auto Status Change’. If this box is checked, the batch processes status update and derives the new status based on the defined rules. The field ‘Derived Status’ on the contract screen is updated with the new status.

Once the LC status is updated, the system posts the entries related to status processing as part of LCEOD batch. If the status processing basis is set as Branch or CIF at the branch level, the entries are posted as part of Group Level Status Change batch.

If status processing basis is set as ‘Contract’ at the branch level, the system performs one of the following actions:

- If the computed status is worse than the user defined status, a forward status change is triggered.
- If the computed status is better than the user defined status, a backward status change is triggered.
- For the current status, if the options ‘Forward’ and ‘Reverse’ are not checked in the preferences, then status change does not take place.

12.2.9 Status Change Batch Processing (CSDSTBTC)

For the LC module the Status change batch will be run along with the customer/Group and apply worst status change for the customer. This batch will use the status change events.

You can trigger the batches to run before the Common Status Change batch (CSDSTBTC). The following given batches can be run in any order:

- LCEOD
- BCAUSTCH

- CLBATCH
- ICEOD
- CIDBATCH
- MODBATCH
- CASABAT
- IAAUTDLY
- CSDSTBTC
- ICEOD
- CLDPROV
- MODPROV
- CIDPROV

If ‘Status Processing’ is at Individual Contract Level, then system will trigger status change based on the Customer Credit rating for the customer of the Contract /Account booked. The other contracts of the customers in the same Group will not be impacted. However if the ‘Status Processing’ is at CIF/Group level individual module (LC,CL, CI, MO, CA, IA and BC) batches will be updating common storage with the derived status of each contract and CIF/ Group level status will be triggered by the common status change batch. The common status change batch will call the individual module function for status change processing.

12.2.10 Automatic Accrual of Commission

When the batch process is run as part of EOD, the commission components of the active (authorized and not yet liquidated) LC contracts will be accrued. Accrual is usually performed from the last liquidation date to the current date. Since commission is calculated for rounded periods, the final accrual on the expiry date will be for the full rounded period.

When the accrual is done, the relevant accounting entries for the accrued components will be passed. The internal accounts will be updated with the accrual related details.

Typical accounting entries that are passed include:

If collected in Arrears

Role	Role description	Role Type	Amount Tag	Dr/ Cr
CENC	Commission earned not collected.	Asset	Accrual amount	Dr
COMM_INC	Commission earned	P&L	Accrual amount	Cr

If collected in Advance

Role	Role description	Role Type	Amount Tag	Dr/ Cr
COMM_RIA	Commission received in advance.	Asset	Accrual amount	Dr
COMM_INC	Commission earned	P&L	Accrual amount	Cr

The level at which accrual entries are passed depends on your definition of branch parameters. To recall, the accrual entries can be configured to be passed either at the contract level or the product level.

Either way, the details of accruals for each contract will be available in the Accrual Control List. The details of this report, the procedure for generation and the contents are discussed in the chapter on Reports.

12.2.11 Memo Accrual of Commission

The memo accrual function does not generate any accounting entries nor does it mark the contracts as accrued. It only computes the accrual amount as it would be computed for a regular accrual and reports the accrued figures, without updating the accrual and P&L accounts. The commission accrued by the function, is reported in the Memo Accrual Control report. The content of this report is the same as that of the Accrual Control report.

12.2.12 Accrual Control Report

The accrual control report lists the LCs for which accrual entries were passed as of the current date.

12.2.13 Selection Options

You can configure this report to be triggered automatically, as part of the batch processes run at EOD. The report can also be generated at any time in the day from the Reports menu. If the report is generated as part of EOD, the report will by default list the details of the accruals that were made, as of the last accrual date.

If you generate the report from the Reports menu, you can indicate the date for which, you want details of LCs for which commission was accrued. You can also indicate the type of accrual for which you want details. The options available are:

Actual

The actual accrual report will contain details of the actual accrual entries that were passed as of the date you have indicated.

Memo

The memo accrual report just gives the details of the accruals due to an LC, as of a particular date. This will be a projected figure, without the actual accounting entries for accruals being passed. The memo accrual control report can be generated only after you run the memo accrual function.

12.2.14 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report. The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the user who generated the report, the branch code, the date and time and the page number of the report.

Body of the Report

The report contains the following details:

Fields	Description
Contract Ref No	This is the reference number of the LC to which the accrual details are related.
Component	This is the commission component that has been accrued.
CCY	This is the currency of the commission component.
Current accrued amount	This is the amount that was accrued for the component, on the last accrual date.
Amount accrued to date accrued amount	This is the total amount that has been accrued, for the component, till date.

12.2.15 Generating Tracers

For an LC, the following types of tracers can be generated:

- The acknowledgment tracer (sent to the advising bank when an import LC is issued and an acknowledgment is sought)
- The charge-commission tracer (sent to the party who has to bear the commission or charges for an LC that has been processed, pending the payment of the charge or commission)
- The confirmation tracer (sent to the confirming bank, seeking a letter of confirmation)

These tracers are generated at a frequency, specified for the LC. On the day they have to be generated, the EOD processing: Tracer generation function will generate them. This function should be run after the End of Financial Input (EOFI) has been marked for the day.

12.2.16 Executing Tracer Generation Function

This function should be run after the end-of-financial-input (EOFI) has been marked for the day. After the successful completion of the function, the tracers will be put in the ungenerated directory of the Outgoing Message Browser. You should generate them from there.

12.2.17 Straight Through Processing of SWIFT Messages

Oracle FLEXCUBE supports Straight through Processing (STP) of the following messages:

- MT710
- MT707
- MT730
- MT740
- MT742
- MT768

As part of STP processing, for some of the messages, Generated Reference Number needs to be updated in the Incoming message data source with Contract Reference Number. They are:

- MT742 Reimbursement Claim
- MT754 Advice of Payment/Acceptance/Negotiation
- MT700 Issue of a Documentary Credit
- MT710 Documentary Credit
- MT740 Authorization to Reimburse
- MT747 Amendment to an Authorization to reimburse
- MT707 Amendment to documentary credit
- MT705 Pre-Advice

For MT202 the value in tag 21 is updated as Generated reference Number.

The Generated Reference Number is not updated automatically for the following messages:

- MT400 Advice of Payment
- MT410 Acknowledgement
- MT430 Amendment For Instructions
- MT730 Acknowledgement Message
- MT768 Acknowledgement for guarantee amendment

Note

If the above messages are processed successfully, then the processed contract reference number is updated as Generated Reference Number.

12.2.18 STP of MT710 - Advise of Third Bank's Documentary Credit

The MT710 is sent by the 'Advising Bank' that has received a documentary credit (MT700) from the 'Issuing Bank'. The message is sent to the 'Advise thru Bank' (bank advising the beneficiary) and is used to advise the receiver about the terms and conditions of a documentary credit.

You can upload the incoming MT710 as export LCs in Oracle FLEXCUBE. The following table lists the mapping that should exist between the SWIFT tags in MT710 and the fields in the LC Contract screen:

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
M	27	Sequence of Total		This field identifies whether MT711 is sent as part of MT710.
M	40B	Form of Documentary Credit	Transferable	The different tag values for this field and the corresponding FCC field value is given in 'Table A'.
M	20	Senders Reference	Their Reference for party 'ABK'	
M	21	Documentary Credit Number	Their Reference for party 'ISB'	
M	31C	Date of issue	Issue date and effective date	
M	31D	Date and place of expiry	Expiry date and Expiry place	
M	52A or D	Issuing bank	Party details of ISB	The party details will be fetched using BIC code if 52A is present else the party details needs to be fetched using D to A converter. In case counterparty is not found then 'Walk-in customer' will be used.
O	51A or D	Applicant bank	Party details of APB	The party details will be fetched using BIC code if 51A is present else the party details needs to be fetched using D to A converter. In case counterparty is not found then 'Walk-in customer' will be used.
M	50	Applicant	Party details of APP	The party details will be fetched using Name of the party. In case counterparty is not found, then 'Walk-in customer' will be used.

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
M	59	Beneficiary	Party details of 'BEN' and customer details in Main screen	The party details will to be fetched using Name of the party. In case counterparty is not found then 'Walk-in customer' will be used.
M	32B	Currency code and amount	LC currency and LC amount	-
O	39A	Percentage Credit Amount Tolerance	About clause, positive and negative tolerance	If not present then about clause should be 'None'. If present, the about clause should be 'About' with positive and negative tolerance
O	39B	Maximum Credit Amount	Liability amount	-
O	39C	Additional Amounts Covered	Additional amounts covered in the 'Others' tab	-
M	41A or D	Available with…by…	Credit details of LC (Type, mode and available with)	For details, refer 'Table B' below.
O	42C	Draft at	Credit details	-
O	42A	Drawee	Credit details	-
O	42M	Mixed Payment Details	Credit details	-
O	42P	Deferred Payment Details	Credit details	-
O	43P	Partial Shipments	Partial shipment allowed	If the tag value is 'ALLOWED', Partial Shipment will be 'Y'. For any other value of the tag, it will be 'N'.
O	43T	Transshipment	Trans Shipment allowed	If the tag value is 'ALLOWED', FCC value will be 'Y'. For any other value of the tag, it will be 'N'.
O	44A	Loading on board/dispatch	Shipment From	-

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
O	44B	For Transportation To	Shipment To	-
O	44C	Latest Shipment Date	Latest Shipment Date	-
O	44D	Shipment Period	Shipment Period	-
O	45A	Description of Goods and Services	Goods Description	-
O	46A	Documents Required	Document Details	-
O	47A	Additional Conditions	FFT Information	Tag 47A will be uploaded as FFT with FFT code as 'UPLD_COND' and message type as 'ADV_THIRD_BANK'.
O	71B	Charges	Charges from Beneficiary in 'Others' tab.	-
O	48	Period of Presentation	Period for Presentation in 'Others' tab.	-
M	49	Confirmation instructions	Operation Code and May Confirm	Refer 'Table C' for details.
O	53A or D	Reimbursing Bank	Party details of 'REB'	The party details would be fetched using BIC code if 53A is present else the party details needs to be fetched using D to A converter.
O	78	Instructions to paying /acc/ neg bank	FFT	Tag 78 would be uploaded as FFT with FFT code as 'INSTRUCTION' and message type as 'ADV_THIRD_BANK'.
O	57A or D	Advise thru bank	Party details of 'ATB'	The party details will be fetched using BIC code if 57A is present else the party details needs to be fetched using D to A converter.

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
O	72	Sender to receiver info	Internal remarks/ FFT	Tag 72 will be uploaded as FFT with FFT code as ‘SND2RECINFO’ and message type as ‘ADV_THIRD_BANK’.

Table A

Tag value	Transferable (Oracle FLEXCUBE value)
IRREVOCABLE	N
REVOCABLE	N
IRREVOCABLE TRANSFER-BALE	Y
REVOCABLE TRANSFERABLE	Y

Table B

Tag value	Type (Oracle FLEXCUBE field value)	Mode (Oracle FLEXCUBE field value)	With (Oracle FLEXCUBE field value)
Payment	Straight	Sight	
Acceptance	Straight	Acceptance	
Negotiation	Negotiable	Negotiation	
Def pay-ment	Straight	Deferred	
Mixed pymt	Straight	Mixed	
Option A			1st line
Option D			1st 4 lines

Table C

Tag value	Type (Oracle FLEXCUBE field value)	Mode (Oracle FLEXCUBE field value)
CON-FIRM	Advise and confirm	N
MAY ADD	Advise	Y
WITH-OUT	Advise	N

During the booking of an export LC, MT711 will be considered for uploading goods description (field 45B), document details (field 46B) and additional conditions (field 47B). The existence of MT711 for MT710 will be checked from field 27 of MT710. MT711 SWIFT record will be fetched from the incoming browser using the reference number from field 20 of MT710.

The system will arrive at the queue through which MT710 should be routed using the STP rule maintenance. Based on the queue and message type, the system will identify the product for the LC contract from the product mapping maintenance where a queue is mapped to the product. The closure date of the LC will be derived from the product (expiry date in field 31D + closure days maintained in the LC product). The party details of advising bank 'ABK' in export LC will be derived from the sender reference number.

If all MT711 messages are not present in the incoming message browser, then the system will stop processing the corresponding MT711 and move on to process the next MT710 in the queue. Field 27 of the message will be used to identify the number of MT711 messages associated with an MT710.

The STP process will create authorized or unauthorized export LC based on the post upload status maintained in the 'Upload Source Preferences' screen.

The following table lists the doc code and clause code that needs to be maintained for the corresponding message types:

	Doc Code Maintenance		**Clause Code Maintenance**			
Message Type	**Doc Code**	**Doc Code Description**	**Clause Code**	**Clause Code**	**Clause Code**	**Clause Code**
700	UPLD_ 700_46	Upload Doc for 700 for tag 46A	CLA7004 6	CLB7004 6	CLC7004 6	CLD7004 6
710	UPLD_ 710_46	Upload doc for 710,tag 46A	CLA7104 6	CLB7104 6	CLC7104 6	CLD7104 6
720	UPLD_ 720_46	Upload doc for 720,tag 46A	CLA7204 6	CLB7204 6	CLC7204 6	CLD7204 6
740	UPLD_ 740	Upload doc for 740	CLA740	CLB740	CLC740	CLD740

Message Type	**Number of Doc Code to be maintained**	**Number of Clause Code to be maintained**
700	1	4
710	1	4
720	1	4
740	1	4

In addition, the following are the default maintenance codes required to populate Tags 45 and 47.

- For Tag 45, the Commodity Code to be maintained is
  - UPLD_GOODS_1
- For Tag 47, the Free Format Code to be maintained is
  - UPLD_COND_1
  - UPLD_COND_2
  - UPLD_COND_3
  - UPLD_COND_4

12.2.19 STP of MT707 – Amendment to Documentary Credit

Upload of MT707 triggers amendment of an export LC contract. The contract reference number on which the amendment needs to be triggered is derived primarily based on the value of field 21 in the MT707. The system fetches the contract reference number of the export LC contract using field 21. If the reference is not found, then it fetches the user reference number using field 21. If the value in field 21 is 'NONREF', the system will check for field 23.

If field 23 exists, then it will fetch the contract reference number using party as 'ISB' and the issuing bank reference number from field 23. If the contract reference is not found then the system will reject the record. If field 23 doesn't exist then the system will fetch the contract reference number using party as 'ISB' and reference number of party 'ISB' from field 20. If the contract reference number is not found for above combination, then it will fetch the contract reference number using party as 'ABK' and reference number of party 'ABK' from field 20. If the contract reference is not found, then the system will reject the record.

The system fetches the amendment amount from field 34B. If the currency in field 34B does not match the currency of the existing contract, then system will reject the record.

The system fetches the new expiry date of the contract from field 31E. The following table lists the mapping that should exist between the SWIFT tags in MT707 and the fields in the LC Contract screen:

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
M	20	Senders reference		Not needed for amendment
M	21	Receiver reference	Contract reference or user reference of LC contract	
O	23	Issuing bank reference	Their reference of party 'ISB'	LC reference in issuing bank
O	31C	Date of issue		Not needed for amendment.
O	52A	Issuing bank		Not needed for amendment.
O	30	Date of amendment	Issuing bank amendment date	If this tag is not present then the system date should be used for issuing bank amendment date.

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
O	26E	Number of amendment	amendment number in others tab	
M	59	Beneficiary		Not needed for amendment
O	31E	New date of expiry	Expiry date	
O	32B	Increase of amount		
O	33B	Decrease of amount		
O	34B	New documentary credit amount after amendment	LC amount during amendment	
O	39A	Percentage credit amount tolerance	About clause, positive and negative tolerance	If not present then about clause should be 'None'. If present then the about clause should be 'About' with positive and negative tolerance
O	39B	Maximum credit amount	Liability amount	
O	39C	Additional amounts covered	Additional amounts in others tab	
O	44A	Loading on board/dispatch	Shipment from	
O	44B	For transportation to	shipment to	
O	44C	Latest shipment date	Latest shipment date	
O	44D	Shipment period	Shipment period	
O	72	Sender to receiver info	FFT	Tag 72 would be uploaded as FFT with FFT code as 'SND2RECINFO' and message type as 'AMD_EXP_CR''

The system will check for the following while processing a SWIFT upload:

- If field 34B is present then the following need to be available:
  - If field 32B is present, then the difference between the amount in 34B and current LC amount should be equal to the amount in 32B.

– If field 33B is present, then the difference between the current LC amount and amount in 34B should be equal to the amount in 33B.

If the amount after amendment is less than the availed amount, then system will reject the record. The system creates a new version of an export LC after amendment upload. The STP process creates an authorized or unauthorized amendment record based on the post upload status maintained in the 'Upload Source Preferences' screen.

12.2.20 STP of MT799 – Amendment of LC

MT799 is a free format message generated as part of internal amendment. While amending LC Contract if the Increment Amendment Number:

- Is checked then MT707 swift message is generated.
- Is unchecked then the system generates LC_AMND_INSTR in MT799 format. The tag 79 of the MT799 with the content of tag 79 of MT707.

Note

Both financial and non-financial amendments are considered as internal amendment in LC Contract online screen (LCDTRONL) irrespective of Beneficiary confirmation.

12.2.21 STP of MT730 – Acknowledgement

MT730 can be generated in response to MT707 and MT710.

12.2.21.1 Acknowledgement of MT707

During LC amendment, MT730 is generated if the media is 'SWIFT' and message type is 'LC_ACK_AMND'. The following table lists the mapping between the SWIFT tags in 730 and the fields in the LC Contract screen:

Status	Tag value	Description	Oracle FLEXCUBE field value
M	20	Sender's reference	Contract reference or user reference
M	21	Receiver reference	Their reference of party 'ISB'
O	25	Account identification	Account of ISB in others tab
M	30	Date of message being acknowledged	System date
O	32B	Amount of charges	Charge currency and charge amount of ISB in others tab
O	71B	Details of charges	Charges from ISB
O	72	Sender to receiver information	FFT code 'SND2RECINFO' and message type as 'LC_ACK_AMND'

12.2.21.2 Acknowledgement of MT710

MT730 is sent to the issuing bank to acknowledge the receipt of MT700. Oracle FLEXCUBE also allows you to send an acknowledgment from the advice through bank to the advising bank in order to acknowledge the receipt of MT710 (Advice of third bank).

The system marks the receiver of the message as 'ABK' for message types 'LC_ACK_ADVICE' and 'LC_ACK_AMND'. If 'ABK' and 'ISB' parties are present for an LC contract, then the receiver of the message will be 'ABK'. The receiver of this message will be 'ISB' only when 'ABK' is not present in the parties list. This process is applicable for the following events if the message type is 'LC_ACK_ADVICE':

- BADV
- BCFM

The process is applicable for the following events if the message type is 'LC_ACK_AMND':

- AMND
- AATC
- APAC
- APAD

The following table lists the mapping that should exist between the SWIFT tags in MT730 and the fields in the LC Contract screen:

Status	Tag value	Description	Oracle FLEXCUBE field value
M	20	Sender's reference	Contract reference/user reference
M	21	Receiver reference	Their reference of party 'ABK'
M	30	Date of message being acknowledged	System date
O	72	Sender to receiver information	FFT code 'SND2RECINFO' and message type as 'LC_ACK_AMD' or 'LC_ACK_ADVICE'

For the automatic generation of MT730 from an export LC, you need to link the message 'LC_ACK_ADVICE' to the 'BADV' and 'BANC' events at the product level. The post-upload status in the 'Upload Source Preferences' screen should be 'Authorized'. The contract authorization at the time of contract upload will trigger the MT730 generation process. For manual generation of MT730 from an export LC, you need to ensure the same advice mapping to the events as mentioned for automatic generation. However, status in the 'Upload Source Preferences' screen should be 'Unauthorized'. MT730 will then be generated during manual authorization of the export LC.

12.2.22 STP of MT740 - Authorization to Reimburse

STP of MT740 triggers creation of an import LC with the operation code 'Reimbursement'. The product for this import LC is fetched from the STP product mapping maintenance. The system check for the following during the STP:

- The product type of the LC product is 'Reimbursement' or not.
- The operation code of the LC contract is 'Reimbursement' or not.

The following table lists the mapping that should exist between the SWIFT tags in MT740 and the fields in the LC Contract screen:

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
M	20	Documentary credit number	Their reference of party 'ISB'	
O	25	Account identification	Account of Issuing bank in others tab	
O	31D	Date and place of expiry	Expiry date and place of expiry	
O	58A or D	Negotiating bank	Party details of 'ABK'	The party details would be fetched using BIC code if 58A is present else the party details needs to be fetched using D to A converter. In case counterparty is not found then Walk in customer would be used
O	59	Beneficiary	Party details of 'BEN'	The party details would be fetched using name of the party
M	32B	Credit amount	LC currency and LC amount	
O	39A	Percentage credit tolerance	About clause, positive and negative tolerance	If not present then about clause should be 'None'. If present then the about clause should be 'About' with positive and negative tolerance .The system should calculate Max LC amount = LC amount+ Tolerance.
O	39B	Maximum credit amount	Liability amount	Using liability amount the liability percentage should be calculated. Maximum credit amount = Max LC amount+Liability percentage.

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
O	39C	Additional amounts covered	Additional amounts covered in others tab	
M	41A or D	Available with. by	Credit details of LC(Type, mode and available with)	Refer ‘Table D’ for details.
O	42C	Drafts at	Credit details	
O	42A or D	Drawee	Party details of ‘APP’	The party details would be fetched using BIC code if 42A is present else the party details needs to be fetched using D to A converter. In case counterparty is not found then Walk in customer would be used
O	42M	Mixed payment details	Credit details	
O	42P	Deferred payment details	Credit details	
O	71A	Reimbursing bank charges	Charges from in others tab	Refer ‘Table E’ for the tags. If the tag is not present then charges from should be ‘OUR’.
O	71B	Other charges	FFT	Tag 71 would be uploaded as FFT with FFT code as ‘71BCHARGES’ and message type as ‘LC_ACK_ADVICE’.
O	72	Sender to receiver info	FFT	Tag 72 would be uploaded as FFT with FFT code as ‘SND2RECINFO’ and message type as ‘LC_ACK_ADVICE’.

Table D

Tag value	Type (Oracle FLEXCUBE value)	Mode (Oracle FLEXCUBE value)	With (Oracle FLEXCUBE value)
Payment	Straight	Sight	
Acceptance	Straight	Acceptance	
Negotiation	Negotiable	Negotiation	
Def pay-ment	Straight	Deferred	
Mixed pymt	Straight	Mixed	
Option A			1st line
Option D			1st 4 lines

Table E

Tag value	Charges From
CLM	Claimants
OUR	Ours

The closure date is driven by the closure days maintained in the LC product. The party details of issuing bank ‘ISB’ in the import LC is derived from the header details using the BIC present in tag 1. This value corresponds to the CIF of the LC contract. The party details of claiming bank ‘CLB’ in the import LC are derived using field 41A or D. These details are updated in the ‘Parties’ tab of the import LC contract. If value in field 41D is ‘ANY BANK’, then the system will not update the party type as ‘CLB’.

The STP process creates authorized or unauthorized LC contract based on the post upload status maintained in the ‘Upload Source Preferences’ screen. The system triggers the event ‘BISS’ after the upload of MT740.

If you modify the LC amount, the undertaken amount will not be impacted. However, the non-undertaken amount will be respectively modified based on the change in LC amount.

If the checkbox ‘Undertake Entire LC on STP’ is checked on ‘Letters of Credit branch Parameters Maintenance’ screen, the system will pass the following entries on receipt of MT740:

Dr/ Cr	Account Role Code	Amount Tag	Amount Tag Description
Dr	LC_OCU_OFFSET (Unuti-lized Credit Offset)	REIM_UND_AM T	Reimbursement Undertak-ing Amount
Cr	LC_OCU (Outstanding Credit Unutilized)	REIM_UND_AM T	Reimbursement Undertak-ing Amount

If the checkbox ‘Undertake Entire LC on STP’ is not checked, the system will pass the following entries on receipt of MT740:

Dr/ Cr	Account Role Code	Amount Tag	Amount Tag Description
Dr	LC_REM_NU_OFF	REIM_NON_UND_AMT	Reimbursement Non-undertaking Amount
Cr	LC_REM_NU	REIM_NON_UND_AMT	Reimbursement Non-undertaking Amount

Note

While liquidating a bill under the LC, the system verifies the liquidation amount and the undertaken amount. If the liquidation amount is greater than the undertaken amount, the system displays an override message. You may choose to proceed or cancel.

12.2.23 STP of MT747 – Amendment to an Authorization to Reimburse

You can upload MT747 as an LC amendment upload. The system fetches the contract reference number on which the amendment needs to be triggered based on field 20 of the message. It fetches the value of ‘Their reference’ field for the party ‘ISB’ using field 20. If the reference is not found then it will reject the record. The following table lists the mapping that should exist between the SWIFT tags in MT747 and the fields in the LC Contract screen:

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
M	20	Documentary credit number		Reference Used for triggering amendment on LC contract
O	21	Reimbursing bank reference		
M	30	Date of original authorization to reimburse		
O	31E	New date of expiry	Expiry date	
O	32B	Amount Increase		
O	33B	Amount decreased		
O	34B	New amount after amendment	LC amount during amend	

O	39A	Percentage credit tolerance	About clause, positive and negative tolerance	If not present then about clause should be 'None'. If present then the about clause should be 'About' with positive and negative tolerance
O	39B	Maximum credit amount	LC liability amount	
O	39C	Additional amounts covered	Additional amounts covered in others tab	
O	72	Sender to receiver info	FFT	Tag 72 would be uploaded as FFT with FFT code as 'SND2RECINFO' and message type as 'LC_ACK_ADVICE'.
O	77A	Narrative	FFT	Tag 72 would be uploaded as FFT with FFT code as 'NARRATIVE' and message type as 'LC_ACK_ADVICE'.

The STP process creates an authorized or unauthorized amendment record based on the post upload status maintained in the 'Upload Source Preferences' screen. The system creates a new version of the import LC after amendment upload and triggers the 'AMND' event. If field 21 does not have the LC contract reference, the system will reject the record. If field 34B is present, the system will check for the following:

- If field 32B is present, then the difference between the amount in 34B and the current LC amount should be equal to the amount in 32B.
- If field 33B is present then the difference between the current LC amount and the amount in 34B should be equal to the amount in 33B.
- The amount after amendment should not be less than availed amount.
- The new expiry date should not be before system date.
- The new amount after amendment amount should not be less than the outstanding amount.

12.2.24 STP of MT768 - Acknowledgement of a Guarantee Message

SWIFT MT768 can be uploaded into Oracle FLEXCUBE through STP. The following table lists the mapping that should exist between the SWIFT tags in MT768 and the fields in the LC Contract screen:

Status	Tag Value	Description	Oracle FLEXCUBE field value

M	20	Transaction Reference Number	ABK’s Reference Number
M	21	Related Reference Number	Contract reference or user reference of LC contract
O	25	Account Identification	Account of ISB in others tab.
M	30	Date of Message being Acknowledged	ABK’s Acknowledgment Date
O	32a	Amount of Charges	
O	57a	Account with Bank	
O	71B	Details of Charges	
O	72	Sender to Receiver Information	FFT Information

Values in fields 20 and 30 are updated in the LC contract screen on upload. The system triggers the event ‘ACKB’ on the uploaded LC Contract.

13. Reports

13.1 Introduction

Information on the LCs processed and the static maintenance done for the module is available in the form of reports. These reports can be generated with information on many parameters -commissions, closed or expired LCs with outstanding items, LCs with unreplied tracers, etc.

These reports can be printed, spooled on to a disk file or displayed on the screen.

You can generate the following reports for the LC module:

- Expired LCs with Outstanding Items Report
- Closed LCs with Outstanding Items Report
- LCs Due to Expire Report
- LCs due to be Closed Report
- Commission Due report
- Periodic Commission Activity Report
- Unreplied Tracers Report
- Confirmed LCs Report
- Overrides
- LC Daily Activity Journal Report
- Commision Activity 3 Report
- Commission Activity Report
- Accruals Control Report
- Process Exception Report
- Import License Details Report
- Import License Utilization Report
- Lodged Guarantee Claim Report

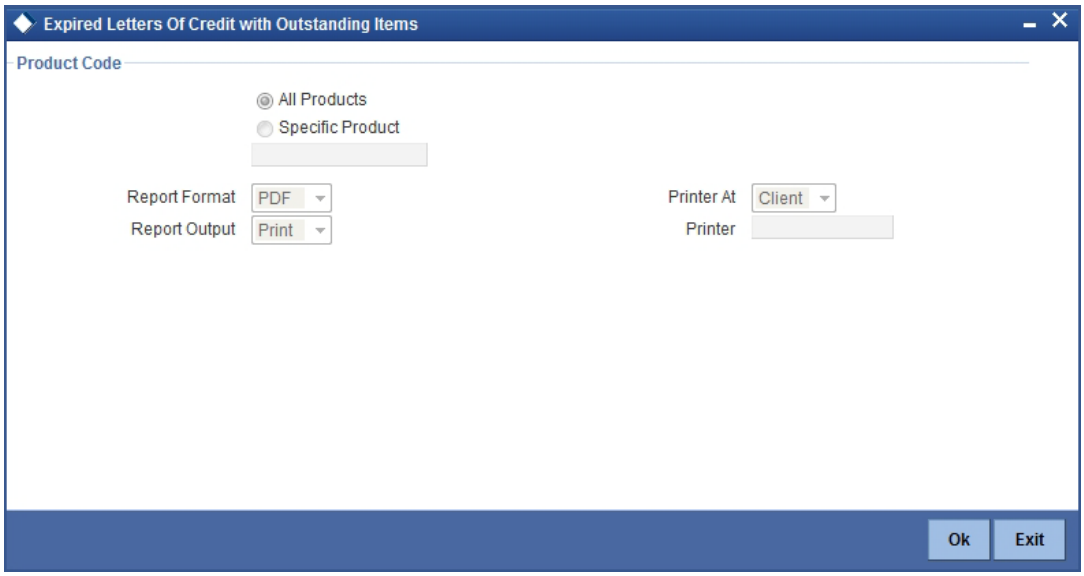
13.2 Expired LCs with Outstanding Items Report

As the name suggests, this report lists all the expired LCs having still have some outstanding items. These outstanding items could be the liability amount, cash collateral and outstanding commission and charges. A commission or charge will be considered outstanding when they are debited from a receivable GL of the bank and not from a customer account.

This report is generated to check if there are outstanding items against an LC. This is done at the time of releasing the cash collateral or while inquiring whether an LC is to be extended, etc.

You have an option to close the LCs that has expired. Once an LC is closed, it will not be reported in this report even if it still has outstanding items. Instead these LCs will be reported in the Closed LC with Outstanding Items report.

You can invoke the screen by typing the code ‘LCRPEX’ in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.2.1 Selection Options

You can specify that the report should contain details of expired LCs associated with all LC products or a specific product. To generate the report for a specific product, select the appropriate Product Code from the option list.

13.2.2 Contents of Report

The contents of this report are discussed under the following heads:

Header

The Header carries the title of the report, information on the branch and branch date, user id, the date and time, the page number and module of the report.

Body of the report

This report contains details of:

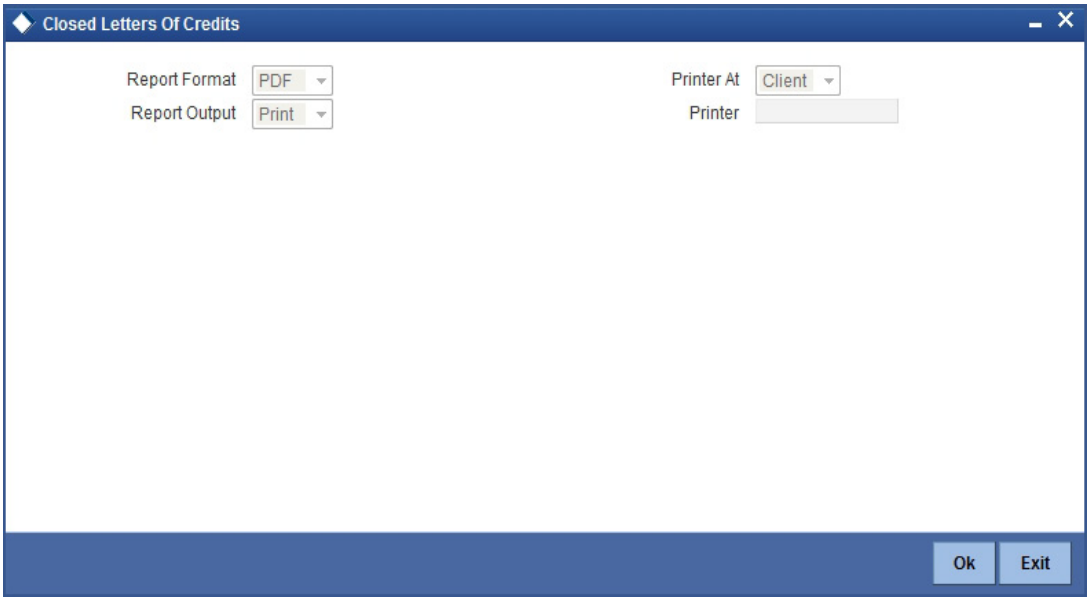
Fields	Description
Contract Reference	This is the reference number assigned to the LC by the system.
CIF Id	This is the Customer Identification number or code.
Customer Name	While you are processing an LC, you would have given the CIF ID of one party, in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Customer Type	This is the party type of the customer whose short name is reported.
Country	This is the country code.

Fields	Description
Expiry Date	This is the date on which the LC expired.
Closure Date	This is the date on which the LC is due for closure.
Currency	This is the currency in which the LC was opened.
Max LC Amount	This is the Maximum LC amount, when the LC was first input and authorized. This amount does not take into account the amendments that were made subsequently to the LC.
Outstanding Liability	This is the amount available for availment against the LC, as of the date on which the report is generated. This amount is the outstanding amount after all the amendments made to the LC during its lifecycle.
Original Liability	This is the liability amount of the LC, when it was first input and authorized. This amount thus does not take into account the amendments that were made subsequently to the LC.
Current Availability	This is the liability amount due to the LC as of the date on which the report is generated. This amount is the outstanding amount after all the amendments made to the LC during its lifecycle.
OS Item	This is the outstanding item. It could be cash collateral, commission or a charge which has not been liquidated.
Currency	The description of the currency in which the outstanding item is represented.
Outstanding Amount	This is the amount for which the item is outstanding.

13.3 Closed LCs with Outstanding Items Report

This report lists all the LCs that was closed but still has certain items outstanding. Such LCs may require follow-up action. The information given by this report will be as of the day on which the report is generated.

You can invoke the screen by typing the code ‘LCRPCOLI’ in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



The items of the LC that can be outstanding include the cash collateral, outstanding commission and outstanding charges. The liability amount outstanding prior to the closing of the record would have automatically been reversed, when the record was closed.

As long as the LC remains in the system, you can reactivate it using the reopen facility.

13.3.1 Contents of Report

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

Fields	Description
Contract Reference	This is the reference number assigned to the LC by the system.
CIF Id	This is the Customer Identification number or code
Customer Name	While you are processing an LC, you would have given the CIF ID of one party in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Customer Type	This is the party type of the customer whose short name is reported.
Country	This is the country code.

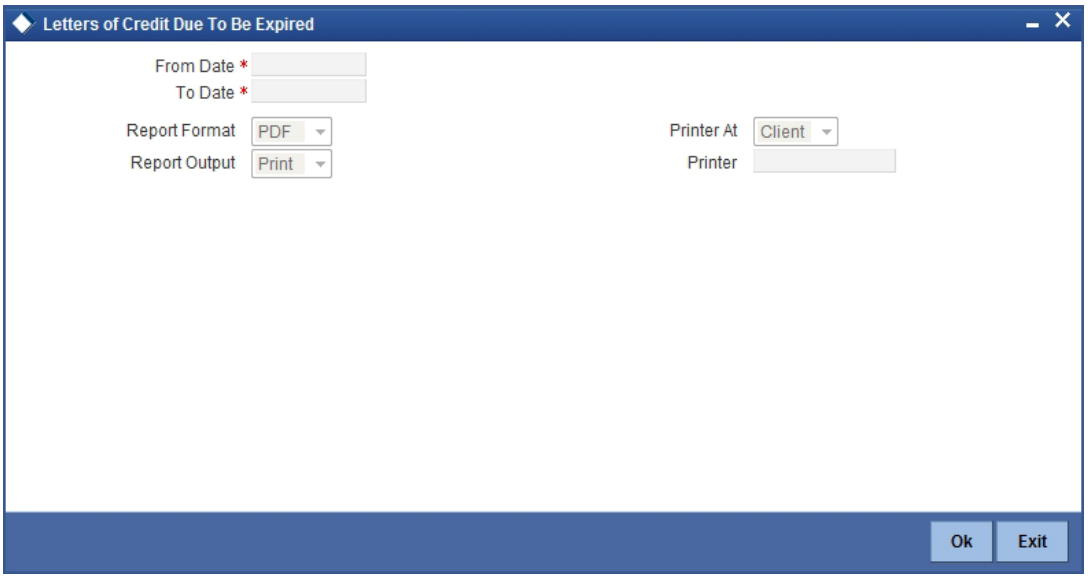
Fields	Description
Expiry Date	This is the date on which the LC expired.
Closure Date	This is the Date on which the LC has been closed.
Currency	This the currency in which the LC was opened.
Contract Amount	This is the Maximum LC amount, when the LC was first input and authorized. This amount does not take into account the amendments that were made subsequently to the LC.
Current Availability	This is the liability amount due to the LC as of the date on which the report is generated. This amount is the outstanding amount after all the amendments made to the LC during its lifecycle.
Original Liability	This is the liability amount of the LC, when it was first input and authorized. This amount thus does not take into account the amendments that were made subsequently to the LC.
Outstanding Liability	This is the amount available against the LC, as of the date on which the report is generated.
OS Item	This is the outstanding item. It could be cash collateral, commission or a charge which has not been liquidated.
Currency	The description of the currency in which the outstanding item is represented.
Outstanding Amount	This is the amount for which the item is outstanding.

13.4 LCs Due to Expire Report

This report lists the details of the LCs that are due to expire for the period that you specify.

The report provides a kind of warning related to the LCs that is due to expire in the future, so that you can take the appropriate action extending the expiry date, if it is required.

You can invoke the screen by typing the code ‘LCRPDUE’ in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.4.1 Selection Options

You can configure this report to be triggered automatically as part of the batch processes run at EOD or you can generate the report at any time in the day from the Reports Browser.

If the report is generated as part of EOD, the report will by default list all the LCs that is due to expire, on the date the report is generated.

If you generate the report outside the EOD, you can specify preferences for the generation of the report. On selecting this report, indicate the period (from and to dates) during which LCs that is due to expire. The system will report all LCs due to expire whether they have outstanding items or not. The details are listed in the order of the expiry date of the LC.

13.4.2 Contents of Report

The report options that you selected while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

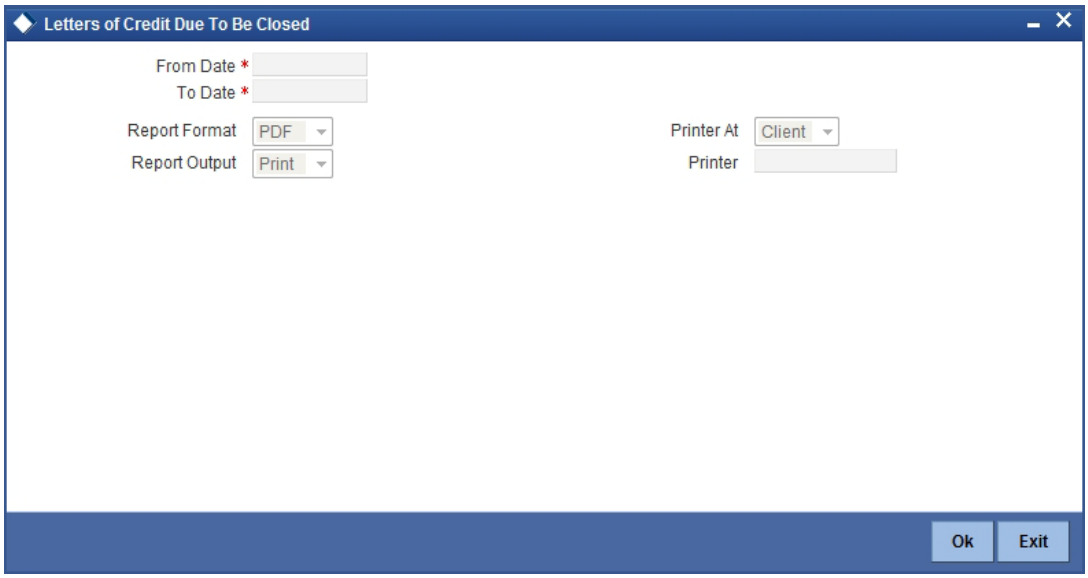
Fields	Description
Contract Reference	This is the reference number assigned to the LC that is due to expire.

Fields	Description
Customer Name	While you are processing an LC, you would have given the CIF ID of one party in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Customer Id	This is the Customer Identification number or code.
Country	This is the country code.
Expiry Date	This is the date on which the LC is due to expire.
Closure Date	This is the date on which the LC is due for closure.
Currency	The description of the currency in which the LC amount is expressed.
Opening Liability Amount	This indicates the liability amount at the opening of the account.
Outstanding Amount	This is the amount of the outstanding item.
OS Item	This is the outstanding item. It could be cash collateral, commission or a charge which has not been liquidated.
Currency	This is the currency in which the outstanding item is represented.
Amount	This is the amount for which the LC was opened.

13.5 LCs Due to be Closed Report

This report lists the details of the LCs that are due for closure, during the period that you indicate.

You can invoke the screen by typing the code ‘LCRPCOLC’ in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.5.1 Selection Options

You can configure this report to be triggered automatically as part of the batch processes run at EOD. You can also generate the report at any time in the day from the Reports menu.

If the report is generated as part of EOD, the report will by default, list all the LCs that is due to be closed, on the date the report is generated.

If you generate the report outside the EOD, specify the period for which the report has to be generated. On selecting this report, you can indicate the period (from and to dates) during which LCs that are due to be closed should be reported. The system will report all LCs due to be closed, whether they have outstanding items or not.

13.5.2 Contents of the Report

The report options that you selected while generating the report are printed at the beginning of the report. The details of the report are listed on the basis of the closure date of the LC. The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

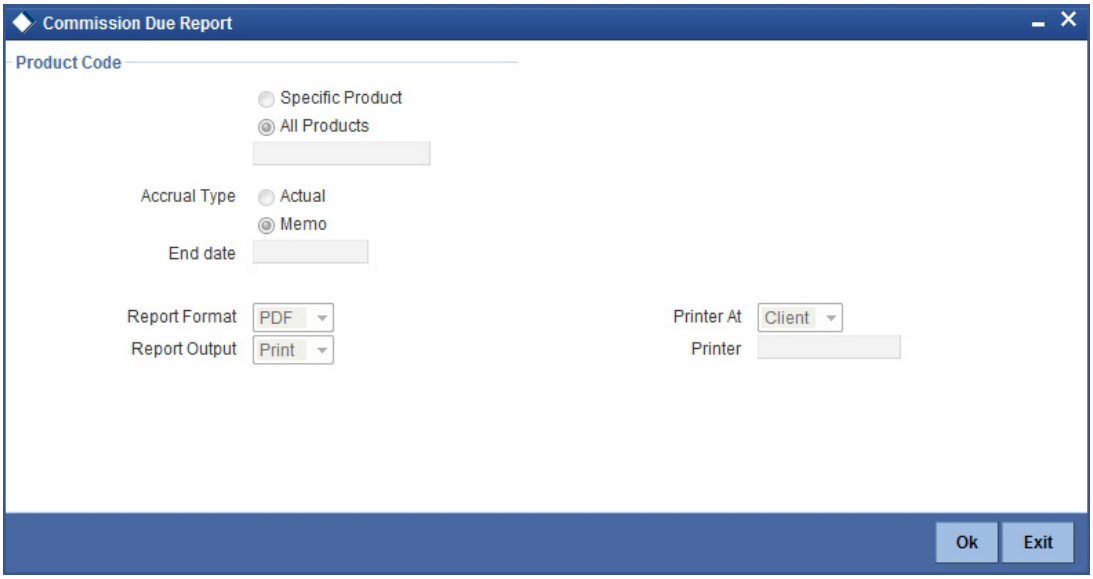
The report contains information on:

Fields	Description
Contract Reference	This is the reference number assigned to the LC that is due to be closed.
Customer Name	While you are processing an LC, you would have given the CIF ID of one party in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Customer ID	This is the Customer Identification number or code.
Country	This is the country code.
Expiry date	This is the date on which the LC expired or is due to expire.
Closure Date	This is the date on which the LC is due for closure.
OS Item	This is the outstanding item. It could be cash collateral, commission or a charge which has not been liquidated.
Currency	This is the currency in which the outstanding item is expressed.
Amount	This is the amount of the outstanding item.

13.6 Commission Due Report

This report prints the details of the periodic commissions that are due to be collected, for a specific period in time.

You can invoke the screen by typing the code 'LCRPCODU' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.6.1 Selection Options

You can specify that this report should contain details of the commission that is due to LCs for a specific period in the future or for all dates. The selection options that you can indicate for the generation of the report are:

- The product(s) for which you want details. To generate the report for a specific product, select the appropriate Product Code from the option list.
- All dates - if you select this option, the report will contain details of the commission that is due for all dates in the future.
- Specific End Date - if you indicate a specific end date, the report will contain details of the commission due from LCs, from the current date (date of generating the report) to the end date that you indicate.

The sequence in which the details will be reported is next collection date (from earliest to latest) and then LC reference.

On selecting this report, you can specify the period for which the periodic commissions due to LCs should be reported. For the purposes of reporting, the system takes the next calculation date as the date of collection for LCs. This is for the LCs which you specified that commission should be collected in arrears.

13.6.2 Contents of Report

The report options that you indicate while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (user Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

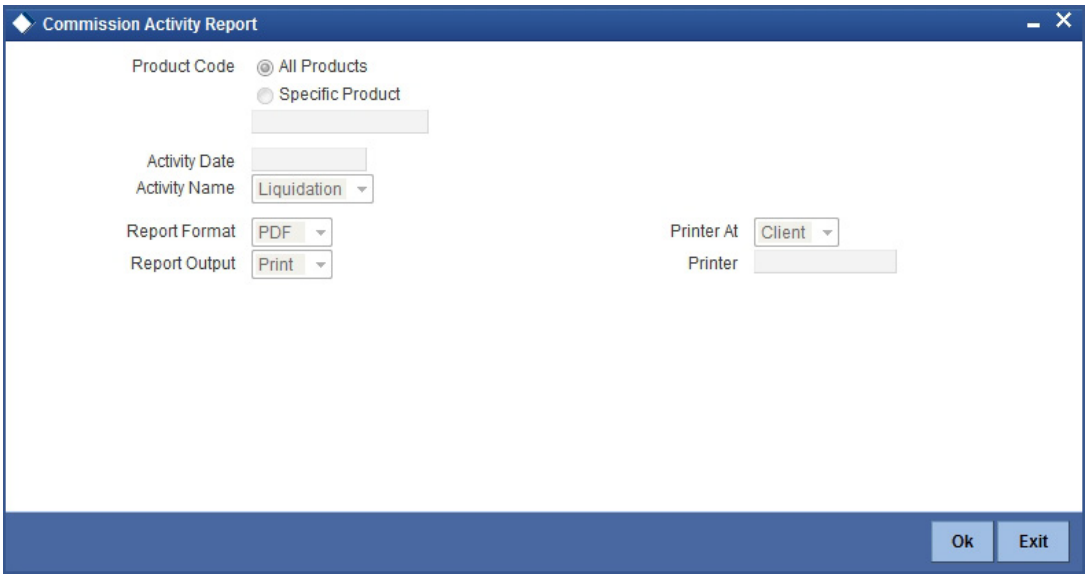
The details of this report are sorted on the basis of the collection date (earliest to latest). The report contains information on:

Fields	Description
Contract Reference	This is the reference number of the LC against which commission is due.
Component	This is the commission component that is due against the LC.
Currency	This is currency in which the commission is applied.
Commission Amount	This is the commission amount that is to be collected.
Calculation Method	This is the method of the calculation of commission.
Due Date	This is the due date of the commission.

13.7 Commission Activity Report

The Commission Activity report prints details of all the LCs for which commission was liquidated or calculated, as of the date the report was generated.

You can invoke the screen by typing the code ‘LCRPCAC’ in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.7.1 Selection Options

You can configure this report to be triggered automatically as part of the batch processes run at EOD, or you can generate the report at any time in the day from the Reports menu.

If the report is generated as part of EOD, it will byf default list all the LCs for which commission was liquidated or calculated as of the current date (the date on which the report was generated).

If you generate the report outside the EOD, you can indicate the date for which you want the activity reported. You also have the option to indicate the activity for which you want details.

You can specify the following options:

- The product(s) for which you want details. To generate the report for a specific product, select the appropriate Product Code from the option list.
- The activity date for which you want details
- The activity for which you want to retrieve information. The options available are:
  - Liquidation
  - Calculation
  - Both

13.7.2 Contents of Report

The report options that you indicate while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time and the page number and module of the report.

Body of the report

The report contains the following details:

Fields	Description
Contract Reference	This is the reference number assigned to the LC by the system.
Component	This is the commission component for which there was an activity.
Event	This is the Code that identifies the event, during which the commission component is being reported.
Component CCY	This is the currency of the commission component that had an activity.
Component Amount	This is the commission amount that was involved in the activity..
Start Date	This is the start date of the period for which the commission component is being reported.
End Date	This is the end date of the period for which the commission component is being reported.
Debit Acc Branch	This is the branch to which the debit account belongs.

Fields	Description
Debit Account	If the activity reported is collection, this is the account number or GL to which the commission amount is debited.

13.8 Unreplied Tracers Report

This report provides the details of LCs against which there are some tracers that are yet to be replied by the concerned party.

Items are listed on this report only after the three statutory tracers have been generated and there has been no response. It is listed ten days after the last tracer was sent. A tracer is taken to have been responded, to when you indicate that its generation should be stopped.

You can invoke the screen by typing the code 'LCRPUNTR' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

13.8.1 Contents of Report

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (user id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

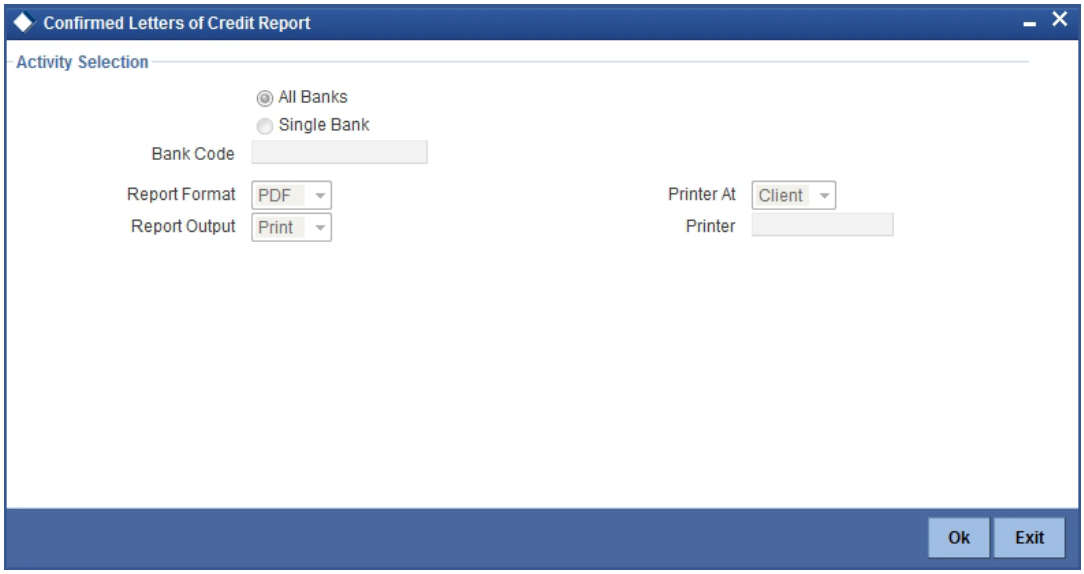
Fields	Description
Product Code	This is the code of the product involved.
Contract Reference	This is the reference number assigned to the LC by the system.
Reason for Follow-up	This is the reason for which the tracer was sent. It can be acknowledgment, confirmation or outstanding charges.

Fields	Description
Last Tracer Date	This is the date on which the last tracer was sent.
Max Tracers	This is the maximum number of tracers that can be generated.
Customer Name	This is the name of the customer.
Customer Reference	This is the reference number of the customer.
Tracer Party	This is the party to whom the tracer is addressed. The first 15 characters of the name of the party to whom the tracer has been addressed are displayed. This is taken from the LC contract.

13.9 Confirmed LC Report

This report lists all the LC that has been confirmed.

You can invoke the screen by typing the code 'LCRFNREP' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.9.1 Selection Options

You can configure this report to be triggered automatically, as part of the batch processes run as part of EOD or you can generate the report at any time, in the day from the Reports menu.

If the report is generated as part of EOD, the report will by default list details of the LCs that have the confirming bank, as a party.

If you generate the report outside the EOD process, you can specify preferences for the generation of the report. On selecting this report, you can indicate whether the report should contain details of all the banks that are involved as confirming banks or of a selected bank. You need to select the bank code from the adjoining option list.

13.9.2 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (the User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

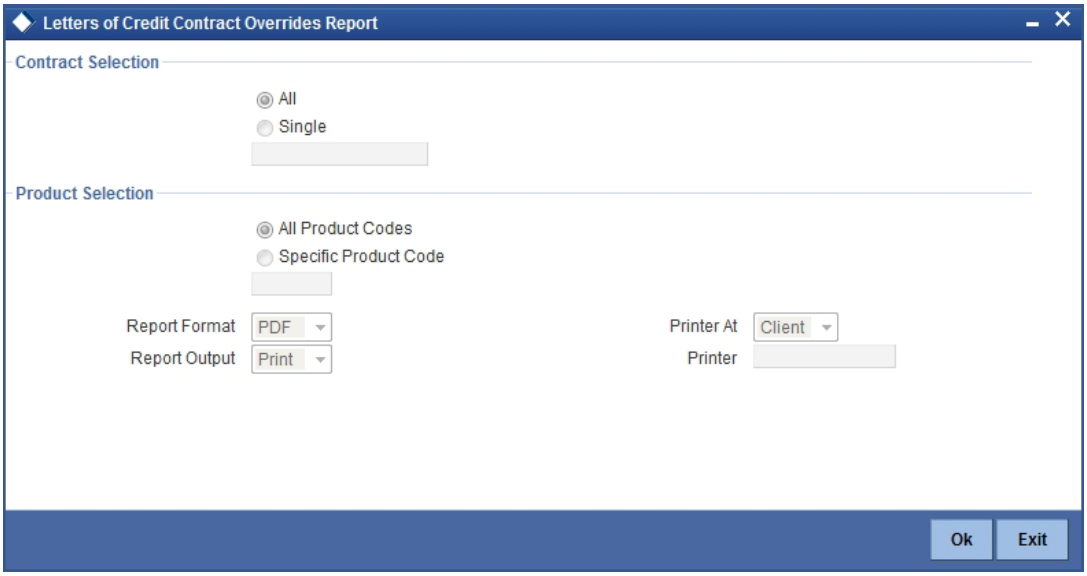
The report contains information on:

Fields	Description
CIF Id	This is the Customer Identification number or code.
Name	This is the short name of the CIF.
Currency	This is the currency of the LC.
Product	This is the code of the product involved in the LC.
LC Contract Reference	This is the reference number assigned to the LC by the system.
Contract Status	This is the current status of the LC.
Contract Amount	This is the amount for which the LC was issued.
Maximum LC Amount	This is the LC amount plus the positive tolerance specified for the LC.
Current Availability	This is the current outstanding liability amount, as of the date the report was generated.
Totals	This is the total amount
LCY Equivalent	This is the equivalent amount in local currency

13.10 Overrides Report

A contract can be saved, with certain exception conditions that were encountered, be given an override. This report lists the overrides that were encountered for contracts, on the date the report was generated.

You can invoke the screen by typing the code ‘LCRPOVD’ in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.10.1 Selection Options

You can generate this report to contain details of all the overrides that occurred during the day or to list the overrides that were encountered, while processing a single LC contract. If you indicate that the report should contain details of the overrides that were encountered in the processing of a single LC, you should also indicate the Reference number of the LC. Also, you need to indicate whether the override report should contain details of all product codes or for a specific product code.

13.10.2 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

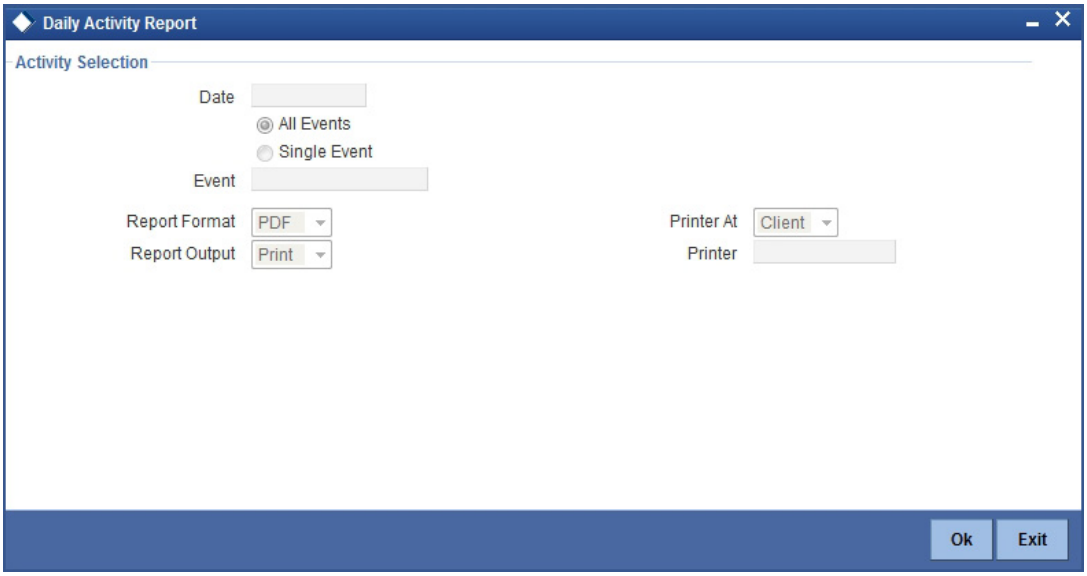
Fields	Description
Product Code	This is the code of the LC product that is involved in the LC.
Product Description	This is a short description of the product.
LC Reference	This is the reference number of the LC during the processing of which, an override occurred.
Contract Amount	This is the amount for which the LC was opened.
Expiry Date	This is the date on which the LC is due to expire.

Fields	Description
Event Code	This is the Code that identifies the event, during which the override was encountered.
Event Description	This is the description of the event.
Error Code	This is the error code for which the override was encountered.
Description	This is the description of the error that was encountered.

13.11 LC Daily Activity Journal Report

This report gives the details of LCs daily activity journal report. You can initiate the necessary follow up activities after generating this report.

You can invoke the screen by typing the code 'LCRLYREP' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.11.1 Selection Options

Date

You can specify the date for which, you have to generate the report.

On selecting this report, you can indicate whether the report should contain details of all the events or single event. If you indicate single event, then you need to select the event code from the option list. Also, you have to select the date on which the report should be generated.

13.11.2 Contents of the Report

The report options that you select while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The header carries the title of the report, the branch, Branch Date, the User ID, the date and time, the module and the page number of the report.

Body of the report

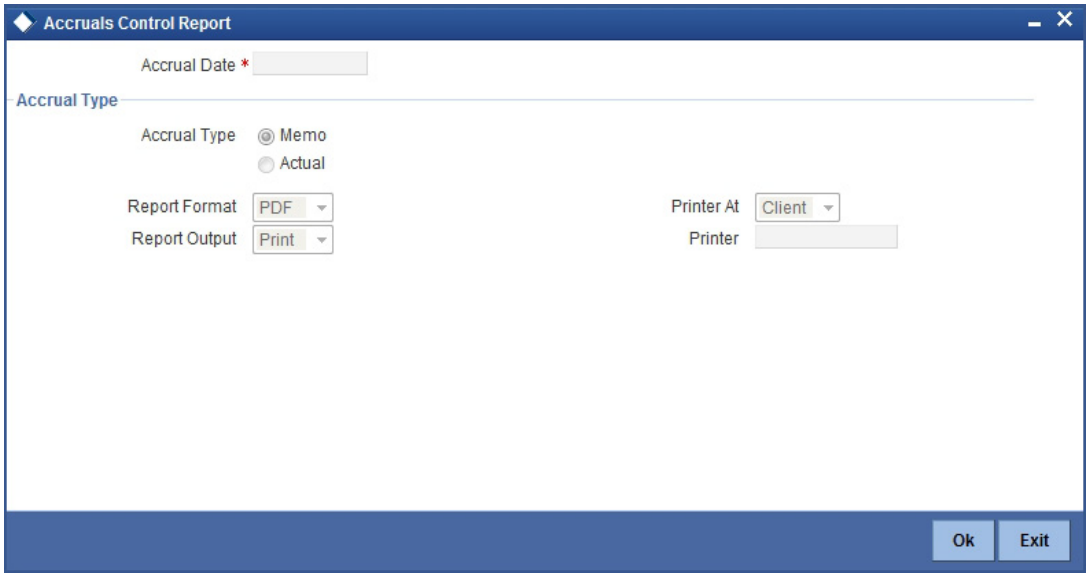
The report contains information on:

Fields	Description
Event Code	This is the code of the event
Description	This is the description of the event.
Product Code	This is the code of the product involved in the LC.
Description	This is the description of the product code involved in the LC.
Contract Currency	This is the currency in which the LC amount is expressed.
Contract Reference	This is the Contract Reference number of the LC.
CIF Id	This is the Customer Identification number or code.
Customer Name	The short name of the Customer maintained in LC will be displayed here.
Operation Code	This is the operation code of the LC.
Issue Date	The date on which the LC was issued.
Expiry Date	This is the date on which the LC expired.
LC Amount/ Availment Amount	This is the amount for which the LC was opened.
Total for Currency	This is the sum of all the LC amount and currency involved in the LC.

13.12 Accruals Control Report

This report lists all the LCs that was accrued. Such LCs may require follow-up action. The information given by this report will be as of the day on which the report is generated.

You can invoke the screen by typing the code ‘LCRPACCR’ in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.12.1 Selection Options

You can specify the date of the accrual.

You need to specify the accrual type. You have the following options:

- Memo
- Actual

13.12.2 Contents of Report

The report options that you indicate while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time and the page number and module of the report.

Body of the report

The report contains the following details:

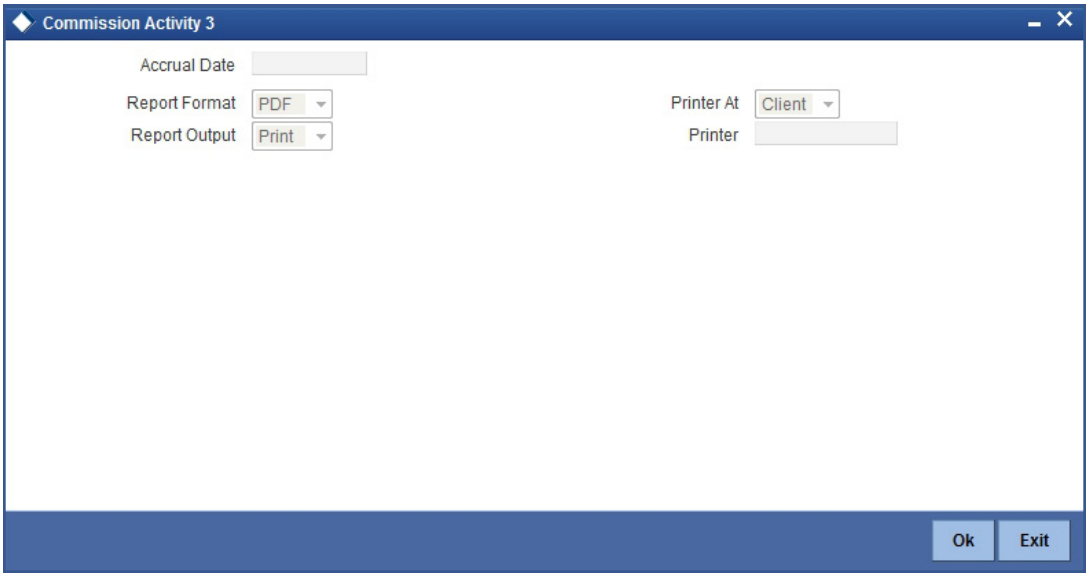
Fields	Description
Contract Reference	This is the reference number assigned to the LC by the system.
Component	This is the component for which there was an accrual.
Event Sequence Number	This is the sequence number of the event.
Currency	This is the currency of the accrued amount.
Current Accrued Amount	This is the current accrued amount, as of the date the report was generated.

Fields	Description
Amount Accrued To Date	This is the accrued amount, as of the date the report was generated.
Contract Reference	This is the reference number assigned to the LC by the system.
Component	This is the component for which there was an accrual.
Currency	This is the currency of the accrued amount.
Current Accrued Amount Total	This is the sum of all the accrued amount, as of the date the report was generated.
Accrued Amount To Date Total	This is the sum of all the accrued amount, as of the date the report was generated.

13.13 Commision Activity 3 Report

This report lists all the LCs that was accrued. Such LCs may require follow-up action. The information given by this report will be as of the day on which the report is generated.

You can invoke the screen by typing the code 'LCRPACR' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.13.1 Selection Options

Accrual Date

You can specify the date of the accrual.

13.13.2 Contents of Report

The report options that you indicate while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time and the page number and module of the report.

Body of the report

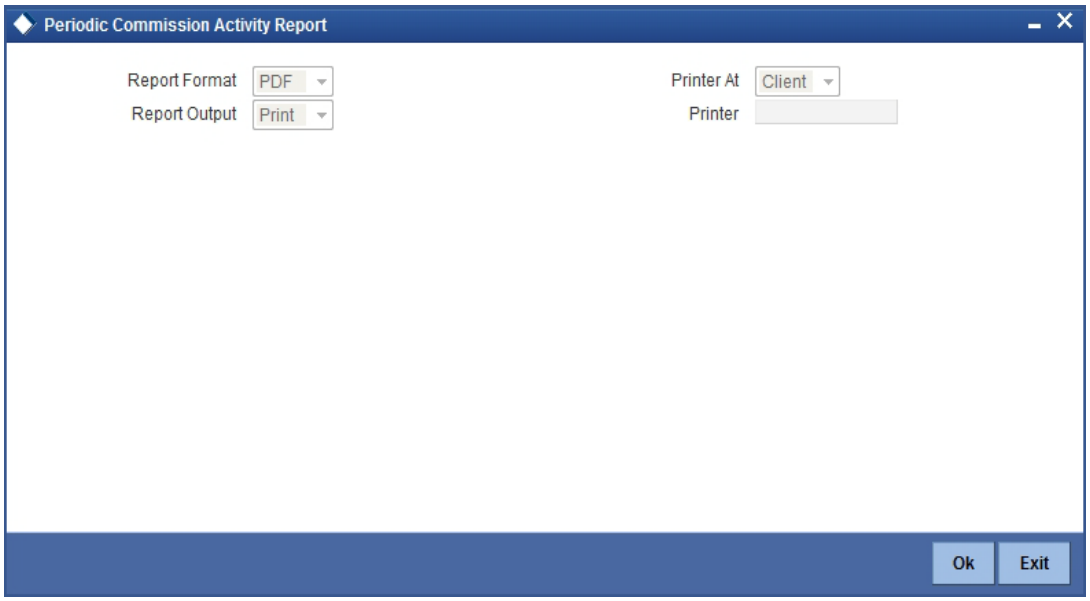
The report contains the following details:

Fields	Description
Contract Reference	This is the reference number assigned to the LC by the system.
Component	This is the component for which there was an accrual.
Event Sequence Number	This is the sequence number of the event.
Currency	This is the currency of the accrued amount.
Current Accrued Amount	This is the current accrued amount, as of the date the report was generated.
Amount Accrued To Date	This is the accrued amount, as of the date the report was generated.
Product Code	This is the code of the product involved.
Component	This is the component for which there was an accrual.
Currency	This is the currency of the accrued amount.
Current Accrued Amount Total	This is the sum of all the accrued amount, as of the date the report was generated.
Accrued Amount To Date Total	This is the sum of all the accrued amount, as of the date the report was generated.

13.14 Periodic Commission Activity Report

This report prints the details of the periodic commission activity. The information given by this report will be as of the day on which the report is generated.

You can invoke the screen by typing the code ‘LCRPCACT’ in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.14.1 Contents of Report

The report options that you indicate while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time and the page number and module of the report.

Body of the report

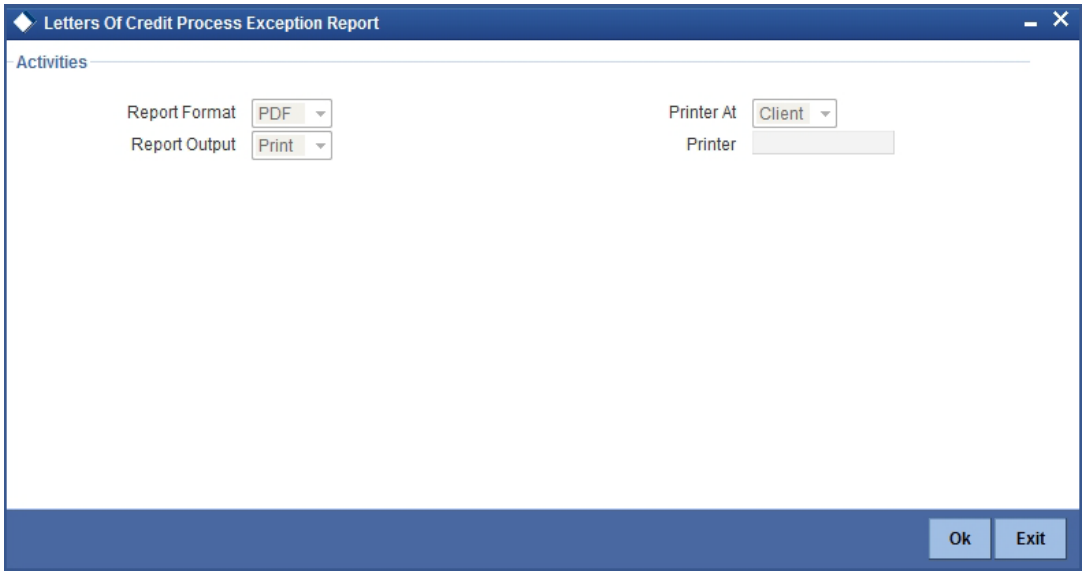
The report contains the following details:

Fields	Description
Contract Reference	This is the reference number assigned to the LC by the system.
Component	This is the code of the component for which there was an commission activity.
Event Code	This is the code of the event.
Component Currency	This is the currency of the component.
Component Amount	This is the component amount for which there was an commission activity.
Start Date	This is the start date of the commission activity.
End Date	This is the end date of the commission activity.

13.15 Process Exception Report

You can generate process exception report by using the ‘Letters of Credit Process Exception Report’ screen. This report lists the process exceptions that were encountered for contracts, on the date the report was generated.

You can invoke the screen by typing the code ‘LCRPEXP’ in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.15.1 Selection Options

Select the process ID from the option list.

You need to indicate whether the process exception report should contain details of all types of activities or a single activity.

13.15.2 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

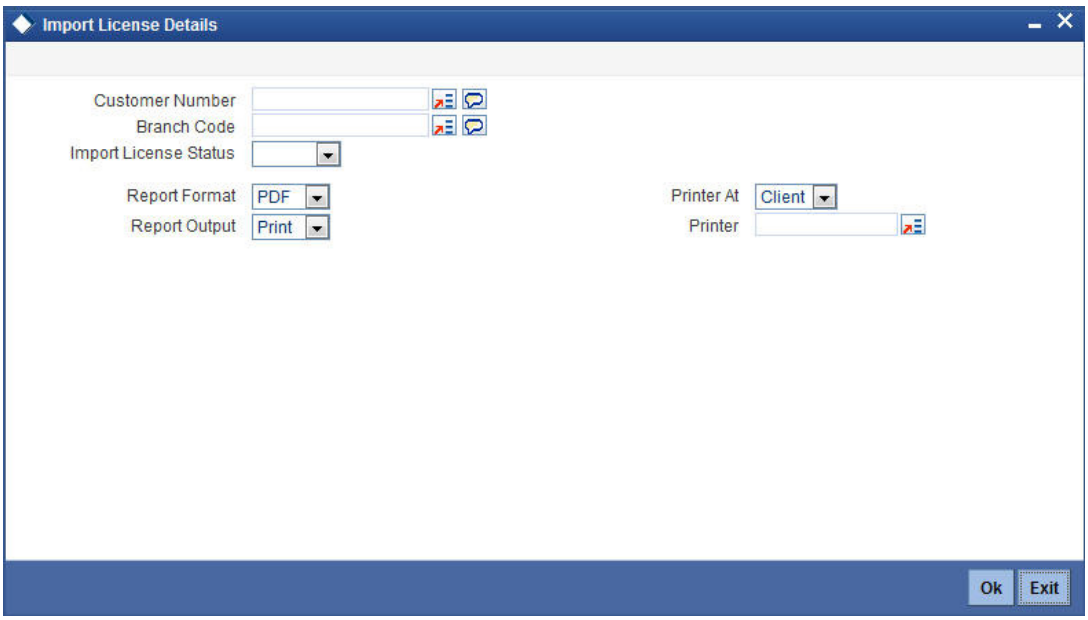
The report contains information on:

Fields	Description
Contract Reference Number	This is the reference number of the LC for which the process exception report is generated.

Fields	Description
Customer	While you are processing an LC, you would have given the CIF ID of one party in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Error Code	This is the error code for which the process exception report is generated.
Error Description	This is the description of the error that was encountered.

13.16 Import License Details Report

This report provides with the details of the import licenses captured for each customer.You can invoke the screen by typing the code 'LCRIMLIC' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.16.1 Selection Options

Customer Number

Select the customer number from the adjoining option list.

Branch Code

Select the branch code from the adjoining option list

Import License Status

Select the import license status from the adjoining option list.

13.16.2 Content of the Report

The contents of the report are discussed under the following heads:

Header

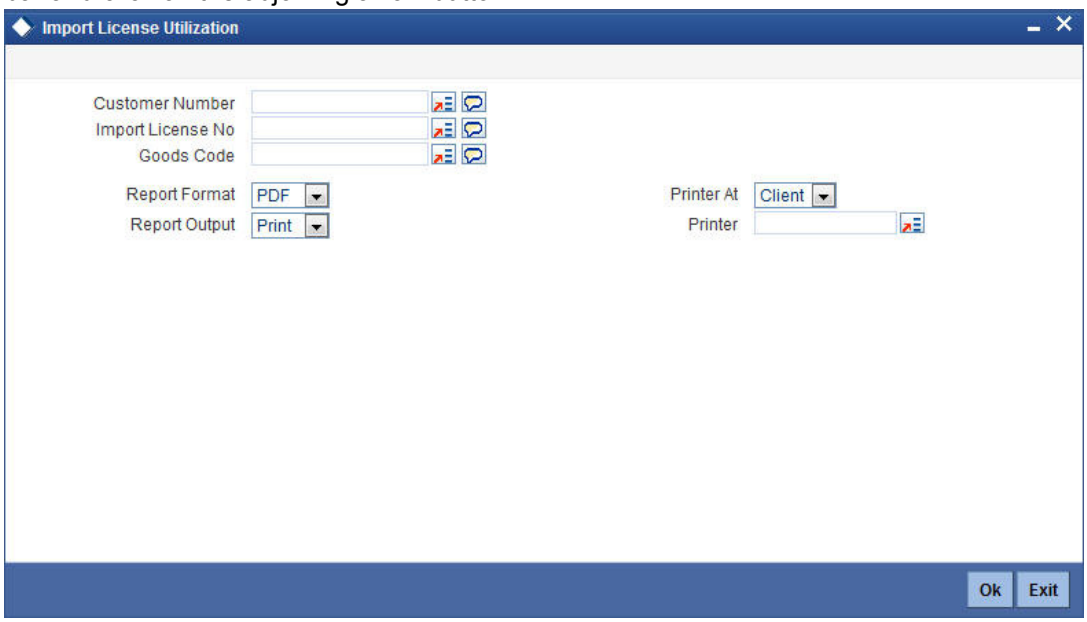
The Header carries the title of the report, information on the user who generated the report (user id), the branch, branch date, the date and time, the page number and module of the report.

Body of the Report

Fields	Description
Import License No	The Import License no is displayed
Issue Date	Issue date recorded for the import license
Effective Date	Effective date recorded for the import license
Expiry Date	Expiry Date captured for import license
Issuing Authority	The issuing Authority captured for the import license will be displayed
Currency	Currency captured for sum total of License Amount is displayed
Total License Amount	Total License Amount captured for the import license is displayed
Total License Amount Utilized	Sum total of License Amount utilized for all goods codes of an import license is displayed
Total License Amount Reinstated	Sum total of License Amount Reinstated for all goods codes of an import license is displayed
Total License Amount Available	Sum total of Available License Amount of all goods codes of an import license is displayed
Goods Code	Goods code captured for import license will be displayed
Goods Description	The short description captured for the good code
Qty	The quantity of the goods is displayed
UOM	The Unit of Measurement is displayed
License Amount	The License Amount for the goods code is displayed
Quantity Utilized	The Quantity Utilized for the goods code is displayed
License Amount Utilized	The License Amount Utilized for the goods code is displayed
Quantity Reinstated	The Quantity Reinstated for the goods code is displayed
License Amount Reinstated	The License Amount Reinstated for the goods code is displayed
Available Quantity	The Available Quantity for the goods code is displayed
Available License Amount	The Available License Amount for the goods code is displayed

13.17 Import License Utilization Report

This report provides with the details of utilization for an import license.You can invoke the screen by typing the code 'LCRILUTL' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



Selection Options

Customer No

Select the customer number from the adjoining option list.

Import License Number

Select the import license number from the adjoining option list.

Goods Code

Select the goods code from the adjoining option list.

13.17.1 Contents of Report

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (user id), the branch, branch date, the date and time, the page number and module of the report.

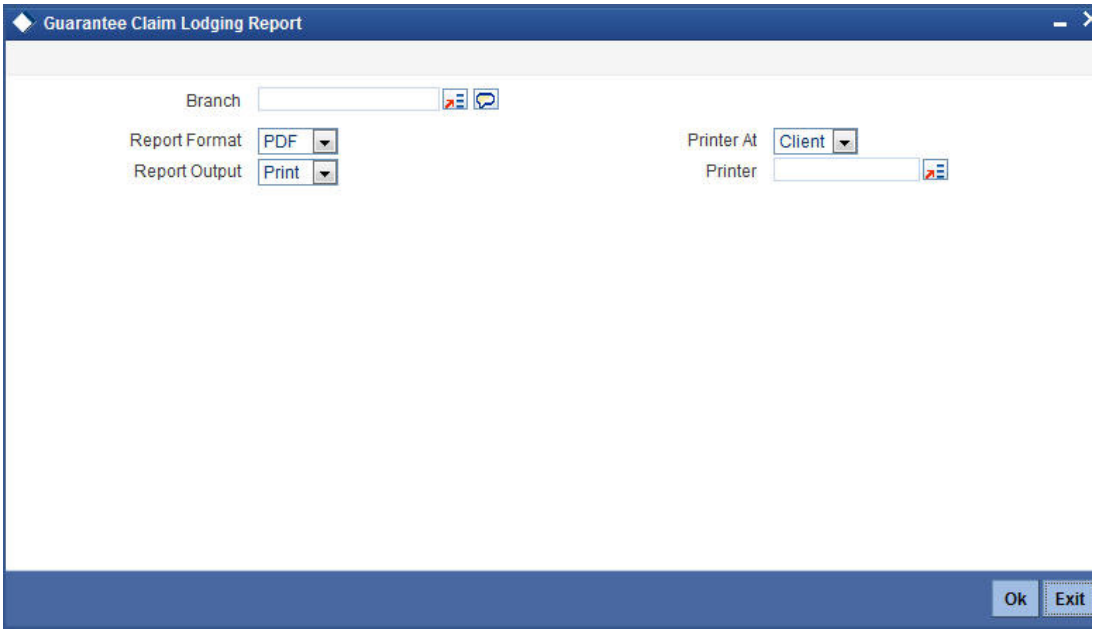
Body of the Report

Fields	Description
Goods Code	Goods code captured for import license will be displayed
Goods Description	The short description captured for the good code
Quantity	The quantity of the goods is displayed
Unit Of Measurement	The Unit of Measurement is displayed
License Amount (Ccy & Amount)	The License Amount for the goods code is displayed
Quantity Utilized	The Quantity Utilized for the goods code is displayed
Amount Utilized	The License Amount Utilized for the goods code is displayed
Quantity Reinstated	The Quantity Reinstated for the goods code is displayed
Amount Reinstated	The License Amount Reinstated for the goods code is displayed
Available Quantity	The Available Quantity for the goods code is displayed
Available Amount	The Available License Amount for the goods code is displayed
Transaction Date	Displays the transaction date
Util Ref No	Displays the transaction ref or the contract ref of the utilization\reinstatement done
Quantity Utilized	The Quantity Utilized for the goods code for that particular transaction
Amount Utilized	The License Amount Utilized for the goods code for that particular transaction
Quantity Reinstated	The Quantity Reinstated for the goods code for that particular transaction
Amount Reinstated	The License Amount Reinstated for the goods code for that particular transaction
Remarks	Displays the remarks if any.

13.18 Lodged Guarantee Claim Report

This report provides details of active guarantee contracts on which claim is lodged on the system. You can invoke the screen by typing the code 'LCRGCLM' in the field at the top right

corner of the Application tool bar and click on the adjoining arrow button.



13.18.1 Contents of Report

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (user id), the branch, branch date, the date and time, counterparty ID and name, the page number and module of the report.

13.19 Body of the Report

Fields	Description
Contract Reference	Indicates the contract reference number
Issue Date	Indicates the date on which the guarantee was issued.
Effective Date	Indicates the date from which the guarantee was effective
Expiry Date	Indicates the date of expiry of the guarantee
Amount	Indicates the amount of guarantee
Applicant Name & Address	Indicates the applicant name and address
Beneficiary Name & address	Indicates the beneficiary name and address
Advising Bank	Indicates the advising bank
Claim Date	Indicates the date on which the guarantee claim was received by the bank

Fields	Description
Claim Amount	Indicates the amount of the claim
Claim Remarks	Indicates the remarks if any specified
Counter Guarantee Reference	Indicates the counter guarantee reference number

14. Annexure A - Accounting Entries for LCs

14.1 Accounting Entries for LCs

This Annexure contains details of the suggested accounting entries that can be set up, for the LC module of Oracle FLEXCUBE. The annexure lists details of the suggested accounting entries, event-wise.

14.1.1 LC Events

The following is an exhaustive list of events that can take place during the lifecycle of an LC. In the subsequent paragraphs we shall examine the accounting entries for each of the events listed below.

Event Code	Event Description	Remarks
ACCR	Accrual (Of Commission)	All Types
AMND	Amendment	All Types
AOCF	Amendment from open to open and confirm	Import only
AATC	Amendment from Advice to Confirm	Export Only
APAC	Amend - Pre-advice to Adv & confirm	Export Only
APAD	Amendment from Pre-advice to advice	Export Only
AVAL	Availment	Only For LC's
BADV	Booking Of An LC With Operation Advise	Export LC Only
BANC	Booking Of An LC With Operation Advise And Confirm	Export LC Only
BCFM	Booking Of An LC With Operation Confirm	Export LC Only
BISS	Booking Of An LC Or Guarantee Issue (Open or Open & Confirm)	Only For Import LC, Standby LC, Clean LC, Shipping Guarantee And Guarantee
BPRE	Booking Of An LC With Operation Pre-Advise	All Types
CALC	Periodic commission calculation	All types
CANC	Cancellation of an LC	All Types
CLIQ	Commission Liquidation	All Types
CLOS	Closure Of An LC Or Guarantee	All Types
RAVL	Reversal of Availment	All types
REIM	Reimbursement Claim of an LC	Revolving LC

Event Code	Event Description	Remarks
REIN	Reinstating An LC	Revolving LCs
ROPN	Reopening Of An LC	All Types
REVR	Reversal of contract	All types
ROPN	Reopening of an LC	All types
REIS	Reissue of Guarantee	Guarantee only
BKSG	Booking of Shipping Guarantee	Shipping Guarantee
CASG	Cancellation of Shipping Guarantee	Shipping Guarantee
APRE	Amendment of LC with Pre-advice	Import LC

Whenever a conversion of currency is involved, the conversion rate used is as follows:

- If the contracts currency is different from the takedown or maturity accounts and neither of them is in the local currency of your branch, the cross rate entered in the contract screen is picked up.
- If the contract currency is different from the contract account and one of them is in the local currency of your branch, the exchange rate is picked up from the currency table maintained in the Core services module of Oracle FLEXCUBE. The FX spread is applied in a way that is favorable to your bank.

14.1.2 Amount Tags

Amount Tag	Description
AVAIL_SET_AMT	Availment amount paid
AVAIL_SET_AMTEQ	Availment amount received
COLL_AMNDAMT	Collateral amend amount Dr.
COLL_AMNDAMT_EQ	Collateral amend amount Cr.
COLLAMT_OS	Outstanding Collateral amount
COLL_AMT_DECREQ	Decrease in Collateral Amount
COLLAMT_OS_EQ	Outstanding Collateral amount
LC_AMND_AMT	LC Amendment Amount
LC_OS_AMT	Outstanding LC amount
LC_REIN_AMT	Outstanding Reinstatement Amount
LIAB_AMND_AMT	Liability Amendment Amount
ADV_LIAB_AMND_AMT	Liability Amendment Amount for advised LCs
CNF_LIAB_AMND_AMT	Liability Amendment Amount for confirmed LCs
LIAB_AMT	Liability Amount
LIAB_AVAIL_AMT	Availment Liability Amount
ADV_LIAB_AVAIL_AMT	Availment Liability Amount for advised LCs
CNF_LIAB_AVAIL_AMT	Availment Liability Amount for confirmed LCs
LIAB_OS_AMT	Outstanding liability amount
ADV_LIAB_OS_AMT	Outstanding liability amount for advised LCs
CNF_LIAB_OS_AMT	Outstanding liability amount for confirmed LCs
LIAB_REIN_AMT	Reinstatement Amount
ADV_LIAB_REIN_AMT	Reinstatement Amount for advised LCs
CNF_LIAB_REIN_AMT	Reinstatement Amount for confirmed LCs
UCNF_LIAB_OS_AMT	Unconfirmed Liability OS Amount
UCNF_LIAB_AMND_AMT	Unconfirmed Liability Amendment Amount
UCNF_LIAB_AVAIL_AMT	Unconfirmed Liability Availment Amount
UCNF_LIAB_REIN_AMT	Unconfirmed Liability Reinstated Amount
REIM_UND_AMT	Reimbursement Undertaking Amount
REIM_NON_UND_AMT	Reimbursement Non-Undertaking Amount

AVAL_REIM_UND_AMT	Availment - Reimbursement Undertaking Amount
AVAL_REIM_NON_UND_AMT	Availment - Reimbursement Non-Undertaking Amount
AMND_REIM_UND_AMT	Amend - Reimbursement Undertaking Amount
AMND_REIM_NON_UND_AMT	Amend - Reimbursement Non-Undertaking Amount
REIM_OS_UND_AMT	Reimbursement Outstanding Undertaken amount
REIM_OS_NON_UND_AMT	Reimbursement Outstanding Non-undertaken amount
CNF_LIAB_INCR_AMT	Confirmed Liability Increased Amount
UCNF_LIAB_INCR_AMT	Unconfirmed Liability Increased Amount
CNF_LIAB_DECR_AMT	Confirmed Liability Decreased Amount
UCNF_LIAB_DECR_AMT	Unconfirmed Liability Decreased Amount
LC_REM_NU	Reimbursement Non-Undertaking of LC
LC_REM_NU_OFF	Reimbursement Non-Undertaking of LC Offset

14.1.3 Accounting Roles

The following is an exhaustive list that contains details of the Accounting Roles that are applicable to the LCs you can process at your bank.

Accounting Role	Description	Role Type
LC_OCU	Outstanding Credit Unutilized	Contingent Liability
LC_OCU_OFFSET	Unutilized Credit Offset	Contingent Asset
LC_CNF	Confirmation of LC	Real GL
LC_CNF_OFF	Confirmation of LC Offset	Real GL
LCCOLL_INT_ACCT	LC Collateral account	Liability
AVL_DEBIT_ACCT	Availment Debit account	Real / Type ‘X’
AVL_CREDIT_ACCT	Availment Credit account	Real / Type ‘X’
CHG_CUST_ACC	Customer Accounts	Real/Type “X”
COMM_CUST_ACC	Customer Accounts	Real/Type “X”
COLL_CUST_ACC	Customer Accounts	Real/Type “X”
TAX_CUST_ACC	Customer Accounts	Real/Type “X”
COMM_INC	Commission Income	Income
COMM_REC	Commission earned not collected	Asset
COMM_RIA	Commission collected in advance	Liability

CHG_INC	Charge Income	Income
CHG_REC	Charge receivable	Asset
CHG_EXP	Charge expense	Expense
CHG_PAY	Charge payable	Liability
TAX_PAY	Tax payable	Liability
TAX_EXP	Tax expense	Expense
LC_COLL_BRIDGE	Collateral bridge between LC shipping guarantee and Bills	Liability
LC_LOAN_BRIDGE	Bridge GL between LC and CL	Liability

14.2 Event-Accounting Entries

In this section we will discuss the suggested accounting entries that should be generated for each event in the life cycle of an LC.

14.2.1 BISS: Booking of an import LC

Liability

Role	Amount Tag	Debit/Credit
LC_OCU	LIAB_AMT	Dr
LC_OCU_OFFSET	LIAB_AMT	Cr

Booking LC Contract

When the LC contract gets booked through MT740 processing (Authorization to reimburse), the accounting entries are passed as follows:

Role	Amount Tag	Debit/Credit
LC_OCU_OFFSET	REIM_UND_AMT	Dr
LC_OCU	REIM_UND_AMT	Cr

The following accounting entries are passed for the product to handle the entries for Non undertaking portion:

Role	Amount Tag	Debit/Credit
LC_REM_NU_OFF	REIM_NON_UND_AMT	Dr
LC_REM_NU	REIM_NON_UND_AMT	Cr

Collateral (If Any)

Role	Amount Tag	Debit/Credit
COLL_CUST_ACC	COLL_AMT_OS	Dr
LC_COLL_ACC	COLL_AMT_OSEQ	Cr

Charges
Booking (From Customer Account)

Role	Amount Tag	Debit/Credit
CHG_CUST_ACC	CHARGES	Dr
CHG_INC	CHARGES	Cr

Booking (From Receivable Account)

Role	Amount Tag	Debit/Credit
CHG_REC	CHARGES	Dr
CHG_INC	CHARGES	Cr

On Receipt (For booking Under Receivable Account)

Role	Amount Tag	Debit/Credit
CHG_CUST_ACC	CHARGES	Dr
CHG_REC	CHARGES	Cr

Commission

In Advance (Non - Accrual - On Booking)

Role	Amount Tag	Debit/Credit
COMM_CUST_ACC	COMMSN	Dr
COMM_INC	COMMSN	Cr

In Advance (Accrual - On Booking)

Role	Amount Tag	Debit/Credit
COMM_CUST_ACC	COMMSN	Dr
COMM_RIA	COMMSN	Cr

In Advance (Month-End Accrual)

Role	Amount Tag	Debit/Credit
COMM_RIA	COMMSN	Dr
COMM_INC	COMMSN	Cr

In Arrears (Non - Accrual - On Booking)

No Entries for Booking

In Arrears (Non - Accrual - On Receipt)

Role	Amount Tag	Debit/Credit
COMM_CUST_ACC	COMMSN	Dr
COMM_INC	COMMSN	Cr

In Arrears (Accrual - On Booking)

No Entries for Booking

In Arrears (Month - End Accrual)

Role	Amount Tag	Debit/Credit
COMM_REC	ACCR_COMMSN	Dr
COMM_INC	ACCR_COMMSN	Cr

In Arrears (On Receipt of Commission)

Role	Amount Tag	Debit/Credit
COMM_CUST_ACC	COMMSN	Dr
COMM_REC	COMMSN	Cr

The following accounting entries are maintained for a shipping guarantee product:

Accounting Role	Amount Tag	Dr/Cr
LC_COLL_BRIDGE	COLL_AMT	Dr
LCCOLL_INT_ACCT	COLL_AMT	Cr

LC_OCU_OFFSET	LIAB_OS_AMT	Dr
LC_OCU	LIAB_OS_AMT	Cr
LCCOLL_INT_ACCT	COLLAT_DECR	Dr
Customer	COLLAT_DECR	Cr
Customer	COLL_AMT_INCR	Dr
LCCOLL_INT_ACCT	COLL_AMT_INCR	Cr

14.2.2 AVAL: Availment Under LC

Liability

Role	Amount Tag	Dr/Cr
LC_OCU	AVAIL_SET_AMT	Cr
LC_OCU_OFFSET	AVAIL_SET_AMTEQ	Dr
LC_OCU	ADV_LIAB_AVAIL_AMT	Cr
LC_OCU_OFFSET	ADV_LIAB_AVAIL_AMT	Dr
LC_CNF_OFF	CNF_LIAB_AVAIL_AMT	Dr
LC_CNF	CNF_LIAB_AVAIL_AMT	Cr

Collateral (If Any)

Role	Amount Tag	Dr/Cr
COLL_CUST_ACC	COLL_AVALAMTEQ	Cr
LCCOLL_INT_ACCT	COLL_AVALAMT	Dr
LC_OCU_OFFSET	AVAIL_SET_AMT	Dr
LC_OCU	AVAIL_SET_AMT	Cr
LCCOLL_INT_ACCT	COLL_AMT_DECR	Dr
LC_COLL_BRIDGE	COLL_AMT_DECR	Cr

14.2.3 CLOS: Closure of an LC / Guarantee

Liability

Role	Amount Tag	Dr/Cr
LC_OCU	LIAB_OS_AMT	Cr
LC_OCU_OFFSET	LIAB_OS_AMT	Dr
LC_OCU	ADV_LIAB_OS_AMT	Cr
LC_OCU_OFFSET	ADV_LIAB_OS_AMT	Dr
LC_CNF	CNF_LIAB_OS_AMT	Cr
LC_CNF_OFFSET	CNF_LIAB_OS_AMT	Dr

Collateral (If Any)

Role	Amount Tag	Debit/Credit

COLL_CUST_ACC	COLLAMT_OS	Cr
LCCOLL_INT_ACCT	COLLAMT_OSEQ	Dr

When the Export LC is closed, the amount will be reduced proportionately from Confirmed portion and Unconfirmed portion.

Dr/ Cr	Account role code	Amount tag	LCY Amount Description
Dr	LC_OCU_OFFSET (Unutilized Credit Offset)	UCNF_LIAB_OS_AMT	Unconfirmed LC Amount
Cr	LC_OCU (Outstanding Credit Unutilized)	UCNF_LIAB_OS_AMT	Unconfirmed LC Amount
Dr	LC_CNF_OFF (Confirmation of LC Offset)	CNF_LIAB_OS_AMT	Confirmed LC Amount
Cr	LC_CNF (Confirmation of LC)	CNF_LIAB_OS_AMT	Confirmed LC Amount

14.2.4 REIN: Reinstatement of an LC / Guarantee

Role	Amount Tag	Debit/Credit
LC_OCU	LIAB_REIN_AMT	Dr
LC_OCU_OFFSET	LIAB_REIN_AMT	Cr
LC_OCU	ADV_LIAB_REIN_AMT	Dr
LC_OCU_OFFSET	ADV_LIAB_REIN_AMT	Cr
LC_CNF	CNF_ LIAB_REIN_AMT	Dr
LC_CNF_OFF	CNF_ LIAB_REIN_AMT	Cr

The accounting entries for reinstatement for Revolving LC (in case of reinstatement of more than the confirmed amount) are as follows:

Account role code	Amount tag	Dr/ Cr
LC_OCU (Outstanding Credit Unutilized)	UCNF_LIAB_REIN_AMT	Dr
LC_OCU_OFFSET (Unutilized Credit Offset)	UCNF_LIAB_REIN_AMT	Cr
LC_CNF (Confirmation of LC)	CNF_LIAB_REIN_AMT	Dr
LC_CNF_OFF (Confirmation of LC Offset)	CNF_LIAB_REIN_AMT	Cr

The amount of the Confirmed Portion will be reinstated first. In this case, the entire confirmed amount is reinstated

Accounting entries for increase in the confirmation as part of amendment are as follows:

Account role code	Amount tag	Dr/ Cr
LC_OCU_OFFSET (Unutilized Credit Offset)	CNF_LIAB_INCR_AMT	Dr
LC_OCU (Outstanding Credit Unutilized)	CNF_LIAB_INCR_AMT	Cr
LC_CNF (Confirmation of LC)	CNF_LIAB_INCR_AMT	Dr
LC_CNF_OFF (Confirmation of LC Offset)	CNF_LIAB_INCR_AMT	Cr

Accounting entries for decrease in the confirmation as part of amendment are as follows:

Account role code	Amount tag	Dr/ Cr
LC_CNF_OFF (Confirmation of LC Offset)	CNF_LIAB_DECR_AMT	Dr
LC_CNF (Confirmation of LC Offset)	CNF_LIAB_DECR_AMT	Cr
LC_OCU (Outstanding Credit Unutilized)	CNF_LIAB_DECR_AMT	Dr
LC_OCU_OFF (Outstanding Credit Unutilized Offset)	CNF_LIAB_DECR_AMT	Cr

If the amendment is done for change of confirmation amount, if any charges associated with this event with Basis Amount as Confirmation amount will be collected along with other charges associated with this event.

14.2.5 BADV: Advising an LC

Booking LC Advice

Role	Amount Tag	Debit/Credit
LC_OCU	ADV_LIAB_OS_AMT	Dr
LC_OCU_OFFSET	ADV_LIAB_OS_AMT	Cr

Charges/ Commission

As given in event BISS

14.2.6 BCFM: Confirming an LC

Liability

Role	Amount Tag	Debit/Credit
LC_OCU	LIAB_AMT	Dr
LC_OCU_OFFSET	LIAB_AMT	Cr

Collateral (If Any)

Role	Amount Tag	Debit/Credit
COLL_CUST_ACC	COLL_AMT_OS	Cr
LCCOLL_INT_ACCT	COLL_AMT_OSEQ	Dr

Charges/ Commission

As given in event BISS

14.2.7 BPRE: Pre-advising an LC

The accounting entries passed for BPRE are similar to those passed for BISS event.

14.2.8 BANC: Advising and Confirming An LC

Role	Amount Tag	Dr/Cr
LC_CNF	CNF_LIAB_OS_AMT	Dr
LC_CNF_OFFSET	CNF_LIAB_OS_AMT	Cr

14.2.9 AMND: Amendment

Liability

Reverse all the previous entries for booking. Re-book entries based on BISS or BADV or BPRE or BANC.

Role	Amount Tag	Dr/Cr
LC_OCU	ADV_LIAB_OS_AMT	Dr
LC_OCU_OFFSET	ADV_LIAB_OS_AMT	Cr
LC_CNF	CNF_LIAB_OS_AMT	Dr
LC_CNF_OFFSET	CNF_LIAB_OS_AMT	Cr

Undertaking Amount

When Undertaking Amount is reduced as part of amendment, the accounting entries passed during “AMND” event are as follows:

Role	Amount tag	Dr/Cr
LC_OCU	REIM_NON_UND_AMT	Dr
LC_OCU_OFFSET	REIM_NON_UND_AMT	Cr
LC_REM_NU_OFF	REIM_NON_UND_AMT	Dr
LC_REM_NU	REIM_NON_UND_AMT	Cr

When Undertaking Amount is increased as part of amendment, the accounting entries passed during “AMND” event are as follows:

Role	Amount tag	Dr/Cr
LC_OCU_OFFSET	REIM_UND_AMT	Dr
LC_OCU	REIM_UND_AMT	Cr

Collateral Amount (if any)

Role	Amount tag	Dr/Cr
LCCOLL_INT_COLL	COLLAT_DECR	Dr
COLL_CUST_ACC	COLLAT_DECR	Cr
COLL_CUST_ACC	COLL_AMT_INCR	Dr
LCCOLL_INT_ACCT	COLL_AMT_INCR	Cr
COLL_CUST_ACC	COLLAT_DECR	Dr
COLL_CUST_ACC	COLLAT_DECREQ	Cr
COLL_CUST_ACC	COLL_AMND_AMT	Dr
LCCOLL_INT_ACCT	COLL_AMND_AMTEQ	Cr

14.2.10 AOCF: Amendment from Open to Open and Confirm

None

14.2.11 APAD: Amendment from Pre-advice to Advice

None

14.2.12 APAC: Amendment from Pre-advice to Advice and Confirm

Same as For BISS

14.2.13 REVR: Reversal

Reverse out all the accounting entries booked for the contract till date.

14.2.14 ACCR: Accrual of Commission

See Commissions under event BISS.

14.2.15 CALC: Periodic Commission Calculation Date

No entries due to commission calculation.

14.2.16 CLIQ: Liquidation of Commission

LC Status Change

Role	Amount Tag	Dr/Cr
<component>INC	<Component>_MOVINC	Dr
<component>NORMINC	<Component>_MOVINC	Cr

See Commissions under event BISS.

14.2.17 ROPN: Reopening of an LC

Liability

Role	Amount Tag	Dr/Cr
LC_OCU	LIAB_OS_AMT	Dr
LC_OCU_OFFSET	LIAB_OS_AMT	Cr
LC_OCU	ADV_LIAB_OS_AMT	Dr
LC_OCU_OFFSET	ADV_LIAB_OS_AMT	Cr
LC_CNF	CNF_LIAB_OS_AMT	Dr
LC_CNF_OFFSET	CNF_LIAB_OS_AMT	Cr

Collateral (If Any)

Role	Amount Tag	Dr/Cr
COLL_CUST_ACC	COLLAMT_OS	Dr
LCCOLL_INT_ACCT	COLLAMT_OS_EQ	Cr

14.2.18 CANC: Cancellation of an LC

Role	Amount Tag	Dr/Cr
LC_OCU	LIAB_OS_AMT	Cr
LC_OCU_OFFSET	LIAB_OS_AMT	Dr
LC_OCU	ADV_LIAB_OS_AMT	Cr
LC_OCU_OFFSET	ADV_LIAB_OS_AMT	Dr
LC_CNF	CNF_LIAB_OS_AMT	Cr
LC_CNF_OFFSET	CNF_LIAB_OS_AMT	Dr

The following accounting entries are maintained in Shipping Guarantee product:

Accounting Role	Amount Tag	Dr/Cr
LC_OCU_OFFSET	LIAB_OS_AMT	Dr
LC_OCU	LIAB_OS_AMT	Cr
LCCOLL_INT_ACCT	COLL_AMT_DECR	Dr
LC_COLL_BRIDGE	COLL_AMT_DECR	Cr

14.2.19 TRGN: Generation of Tracers

None

14.2.20 AATC: Amendment from Advice to Confirm

Role	Amount Tag	Dr/Cr
LC_OCU	LIAB_OS_AMT	Cr
LC_OCU_OFFSET	LIAB_OS_AMT	Dr
LC_OCU	ADV_LIAB_OS_AMT	Cr
LC_OCU_OFFSET	ADV_LIAB_OS_AMT	Dr
LC_CNF	CNF_LIAB_OS_AMT	Dr
LC_CNF_OFFSET	CNF_LIAB_OS_AMT	Cr

14.2.21 RASN: Reassign an LC

None

14.2.22 Transfer of an LC

When an Export LC is transferred, the amount in the old LC (From LC) would be reduced proportionately from Confirmed portion and Unconfirmed portion as part of AVAL event.

Dr/ Cr	Account role code	Amount tag	LCY Amount Description
Dr	LC_OCU_OFFSET (Unutilized Credit Offset)	UCNF_LIAB_AVAIL_AMT	Unconfirmed LC Amount
Cr	LC_OCU (Outstanding Credit Unutilized)	UCNF_LIAB_AVAIL_AMT	Unconfirmed LC Amount
Dr	LC_CNF_OFF (Confirmation of LC Offset)	CNF_LIAB_AVAIL_AMT	Confirmed LC Amount
Cr	LC_CNF (Confirmation of LC)	CNF_LIAB_AVAIL_AMT	Confirmed LC Amount

The new Export LC contract will have the same split of Confirmed LC amout and Unconfirmed LC amount as it was there in the old LC.

Dr/ Cr	Account role code	Amount tag	LCY Amount Description
Dr	LC_OCU (Outstanding Credit Unutilized)	UCNF_LIAB_OS_AMT	Unconfirmed LC Amount
Cr	LC_OCU_OFFSET (Unutilized Credit Offset)	UCNF_LIAB_OS_AMT	Unconfirmed LC Amount
Dr	LC_CNF (Confirmation of LC)	CNF_LIAB_OS_AMT	Partial Confirmation Amount
Cr	LC_CNF_OFF (Confirmation of LC Offset)	CNF_LIAB_OS_AMT	Partial Confirmation Amount

14.2.23 RAVL: Reversal of Availment

Fetch entries for last availment event and reverse them.

14.2.24 BKSG: Booking of Shipping Guarantee

Role	Amount Tag	Dr/Cr
LC_OCU	AVAIL_SET_AMT	Dr
LC_OCU_OFFSET	AVAIL_SET_AMT	Cr
LCCOLL_INT_ACCT	COLL_AMT_DECR	Dr
LC_COLL_BRIDGE	COLL_AMT_DECR	Cr

14.2.25 CASG: Cancellation of Shipping Guarantee

The following accounting entries are maintained for cancellation of Shipping Guarantee:

Accounting Role	Amount Tag	Dr/Cr
LC_OCU	AVAIL_SET_AMT	Dr
LC_OCU_OFFSET	AVAIL_SET_AMT	Cr
LC_COLL_BRIDGE	COLL_AMT_INCR	Dr
LCCOLL_INT_ACCT	COLL_AMT_INCR	Cr

14.2.26 APRE: Amendment of LC with Pre-advice

The accounting entries passed for BPRE are similar to those passed for AMND event.

15. Annexure B – Events, Advices and SDEs for LC

15.1 Event - Advices for LCs

This Annexure contains details of the suggested messages that can be generated for the LC module. The annexure lists details of the suggested messages event-wise.

15.2 LC Advices

The following is an exhaustive list of events, related advices and the Data Tags that are supported for LC Module.

EVENT	EVENT DESCRIPTION	ADVICES	Advice description
BISS	Booking of an import LC	ISB_BEN_CL	Covering letter to beneficiary
		LC_AMND_INSTR	Amendment Instrument
		LC_-CASH_COL_ADV	Cash Collateral Advices
		LC_INSTRUMENT	L/C instrument
		GUARANTEE	Guarantee Instrument
		LC_INSTR_COPY	Copy of LC Instrument
CLOS	Closure of an LC / Guarantee	Nil	
REIN:	Reinstatement of an LC / Guarantee	LC_AMND_INSTR	Amendment Instrument
		LC_INSTRUMENT	L/C instrument
BADV:	Advising an LC	LC_ACK_ADVICE	ACK of import LC
BCFM:	Confirming an LC	LC_ACK_ADVICE	ACK of import LC
		LC_-CASH_COL_ADV	Cash Collateral Advices
BPRE:	Pre-advising an LC	LC_ACK_ADVICE	ACK of import LC
		PADV_CL	Pre-advising a Credit
		NTF_FOR_BPRE	Notification for LC booking with pre-advice
BANC:	Advising and confirming an LC	LC_ACK_ADVICE	ACK of import LC

		LC_-CASH_COL_ADV	Cash Collateral Advices
REIS:	Reissue of Guarantee	LC_INSTRUMENT	L/C instrument
		GUARANTEE	Guarantee Instrument
		LC_PRE_ADVICE	L/C Pre-Advice
AMND:	LC amendments	AMD_EXP_CR	Amendment of Export Credit
		LC_ACK_AMND	ACK of Amendment to LC
		LC_-CASH_COL_ADV	Cash Collateral Advices
		LC_AMD_AU-TH_REB	Amendment-auth to reim-burse
		AMD_IMP_CR	Amendment of Import Credit
		GUA_AMD_INSTR	Guarantee Amendment
		LC_AMND_INSTR	Amendment Instrument
		LC_INSTRUMENT	L/C instrument
		GUA_AMD_INSTR	Guarantee Amendment
		LC_AM_INST_COPY	Copy of LC Amend Instru-ment
ACCR:	Accrual of commission	Nil	
CALC:	Periodic commission calculation date	Nil	
ROPN:	Reopening of an LC	LC_INSTRUMENT	L/C instrument
		GUARANTEE	Guarantee Instrument
TRGN:	End of day check for tracers	ACK_TRACER	Acknowledgement tracer
		CHG_COM_TRACER	Charges & commission tracer
		CON_TRACER	Confirmation tracer
CANC:	Cancellation of an LC	LC_CANCEL_ADV	Cancellation Advice
		NTF_FOR_CANC	Cancellation of LC pre-advice

APAC :	Amendment from Pre-Advice to Advice and Confirm	PADV_TO_ADVCON	Pre-adv to adv & confirm
		LC_ACK_AMND	ACK of Amendment to LC
		LC_-CASH_COL_ADV	Cash Collateral Advices
APAD :	Amendment from Pre-advice to Advice	LC_ACK_AMND	ACK of Amendment to LC
		ADV_TO_ADVCON	
		ADV_TO_ADVCON	Adv to adv & confirm
RASN :	Reassign an LC	Nil	
RAVL:	Reversal of availment	Nil	
CALC :	Periodic commission calculation	Nil	
APRE	Amendment of Pre-advice LC	NTF_FOR_APRE	Notification for amendment of LC pre-advice
		ADV_FOR_APRE	Advice for LC pre-advice
GCLM	Guarantee Claim	GUA_CLAIM_ADV	Guarantee Claim Advice

15.2.1 ISB_BEN_CL

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/Number/ Date	Length
BRANCH-DATE	Branch Date	System Date for the Branch	Date	
RECV-NAME	Receiver Name	Contract Input Screen-Settlement Tab	Varchar	150
RECV-ADDR-LN1	Receiver Information	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN2	Receiver Information	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN3	Receiver Information	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN4	Receiver Information	Contract Input Screen-Settlement Tab	Varchar	105
OUR-REF-NO	Sender's contract reference no	Contract Input Screen- Reference Number	Varchar	35
USERREF	User Reference No	Contract Input Screen- User Reference Number	Varchar	35
APP-NAME	Applicant name	Contract Input Screen-Parties-Party details-customer name		150
APP-ADDR-LN1	Applicant address	Contract Input Screen-Parties-party details-address1	varchar	105
APP-ADDR-LN2	Applicant address	Contract Input Screen-Parties-party details-address2	varchar	105
APP-ADDR-LN3	Applicant address	Contract Input Screen-Parties-party details-address3	varchar	105

APP-ADDR-LN4	Applicant address	Contract Input Screen-Parties-party details-address4	varchar	105
OTHER-FFTS	Other Free Format Texts	Letters of Credit-Contract Input-Detailed-Advices Tab-FFTS Details	Varchar	2000
SND2RECIN-FO	Sender to Receiver Information	Contract Input Screen-Advices	Varchar	2000
BRANCH-NAME	Branch Name	Branch Parameters detailed - Branch Name	varchar	105

15.2.2 GUA_CLAIM_ADV

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
BRANCH-NAME	Branch Name	Branch Parameters detailed - Branch Name	varchar	105
BRANCH-ADDR-LN1	This is the address of the Branch	Branch Parameters detailed -Branch Address Line 1	Varchar	105
BRANCH-ADDR-LN2	- DO -	Branch Parameters detailed -Branch Address Line 2	Varchar	105
BRANCH-ADDR-LN3	- DO -	Branch Parameters detailed -Branch Address Line 3	Varchar	105
BRANCH-ADDR-LN4	- DO -	Branch Parameters detailed -Country code	Varchar	105
BRANCH-DATE	Branch Date	System Date for the Branch	Date	
APP-NAME	This is the name of the LC applicant.	LC Contract Input Screen - Parties - Party details	Varchar	105
APP-ADDR-LN1	This is the address of the LC applicant. Each line of the address can contain a maximum of 35 characters.	LC Contract Input Screen - Parties - Party details - address1	Varchar	105
APP-ADDR-LN2	- DO -	LC Contract Input Screen - Parties - Party details - address2	Varchar	105

APP-ADDR-LN3	- DO -	LC Contract Input Screen - Parties - Party details - address3	Varchar	105
APP-ADDR-LN4	- DO -	LC Contract Input Screen - Parties - Party details - address4	Varchar	105
PARTY-REF-APP	This is the reference number you have assigned to the Applicant of LC.	LC Contract Input Screen - Parties screen - Party details	Number	35
OUR-REF-NO	This is the reference number you have assigned to the LC.	LC Contract Input Screen - Main	Number	35
ISSUE-DATE	This is the date on which the LC was issued.	Issue date- Main Screen-Issue date	Date	
EXPIRY-DATE	This is the date up to which the LC is valid.	LC Contract Input Screen - Main - under Terms-expiry date	Date	
LC-AMOUNT	This is the amount for which the LC was opened.	LC Contract Input Screen-Main-contract Amount	Number	22,3
LC-OS-AMT	This is the outstanding amount of LC.	LC Contract Input Screen-Main-contract Amount	Number	22,3

BEN-NAME	This is the name of the institu-tion/ company in favor of whom the LC is drawn.	LC Contract Input Screen - Parties screen - Party details	Varchar	105
CLAIM-DATE	This is the date on which the LC was claimed.	LC Guarantee Claim Lodging Screen - Main - Claim Date	Date	
_CLAIM_AMOUNT_	This is the amount for which the LC was claimed.	LC Guarantee Claim Lodging Screen - Main - Claim Amount	Number	22,3

15.2.3 LC_AMND_INSTR (MT 707)

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
ISB-ADDR-LN1	This is the mailing address of the issuing bank	LC Contract Input Screen-Parties-Party details-Address1	Varchar	105
ISB-ADDR-LN2	This is the mailing address of the issuing bank	LC Contract Input Screen-Parties-Party details-Address2	Varchar	105
ISB-ADDR-LN3	This is the mailing address of the issuing bank	LC Contract Input Screen-Parties-Party details-Address3	Varchar	105
ISB-ADDR-LN4	This is the mailing address of the issuing bank	LC Contract Input Screen-Parties-Party details-Address4	Varchar	105
AMND-DATE	This is the date on which the details of the documentary credit were last amended.	LC Contract Input Screen-Main	Date	
NO-OF-AMENDS	If the documentary credit has been amended more than once then the number of times it was amended will be displayed here.	LC Contract Input Screen-others-Amendment Number	Number	4
NEW-EXPIRY-DATE	This is the new expiry date of the documentary credit.	LC Contract Input Screen-Main-Expiry Date	Date	
INC-LC-AMOUNT	This amount reflects the increase in the documentary credit amount.	LC Contract Input Screen-Main-Amount	Number	22,3

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
NEW-AMT-WORDS	If there has been an increase in the documentary credit amount then this is the new amount expressed in words	System derived from LC Contract Input Screen-Main	Varchar	
DEC-LC-AMOUNT	This amount reflects the decrease in the documentary credit amount.	LC Contract Input Screen-Main-Amount	Number	22,3
NEW-AMT-WORDS	If there has been a decrease in the documentary credit amount then this is the new amount expressed in words.	System derived from LC Contract Input Screen-Main	Varchar	
LC-AMOUNT	This is the amount for which the LC was opened.	LC Contract Input Screen-Main-con-tract Amount	Number	22,3
AMT-IN-WORDS	This is the new LC amount expressed in words	System derived from LC Contract Input Screen-Main	Varchar	
SND2RECIN-FO	These are a set of instructions or additional information meant for the receiver.	LC Contract Input Screen-Advices	Varchar	2000

15.2.4 LC_INSTRUMENT (MT 700/MT 701)

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
ISSUE-DATE	This is the date on which the LC was issued.	Issue date- Main Screen-Issue date	date	
APB-NAME	This is the name of the applicant bank.	LC Contract Input Screen-Parties- Customer Name	VarChar	150
APB-ADDR-LN1	This is the address for correspondence of the applicant bank.	LC Contract Input Screen-Parties-Party details-address1	VarChar	105
APB-ADDR-LN2	This is the address for correspondence of the applicant bank.	LC Contract Input Screen-Parties-Party details-address2	VarChar	105
APB-ADDR-LN3	This is the address for correspondence of the applicant bank.	LC Contract Input Screen-Parties-Party details-address3	VarChar	105
APB-ADDR-LN4	This is the address for correspondence of the applicant bank.	LC Contract Input Screen-Parties-Party details-address4	VarChar	105
CR-DAYS-FROM1	The information that has been entered in the Drafts screen of the LC Contract screen is displayed here.	LC Contract Input Screen-Drafts-credit days from	Varchar	107
DRAFT-AMT	This is the amount for which the draft was drawn on.	LC Contract Input Screen-Drafts-Amount	Number	22,3
TENOR1	This is the tenor of the draft that is drawn for the LC. The tenor is expressed in terms of days.	LC Contract Input Screen-Drafts	Number	10

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
NO-DRAFTS	These are the number of drafts that can be drawn.	LC Contract Input Screen-Drafts-Draft Tenor	Number	4
PAY-MENT-DETAILS	This field contains details pertaining to reference numbers, invoice numbers and any other details which enable the beneficiary to identify the transaction.	LC Contract Input-Detailed-Main Tab	VarChar	140
PARTIAL-SHP	This field indicates whether the partial shipment of goods is allowed or disallowed.	LC Contract Input Screen-Ships/docs-shipment-Partial shipment allowed	VarChar	1
TRANS-SHP	This field indicates whether trans-shipment of goods is allowed.	LC Contract Input Screen-Ships/docs-shipment-trans shipment allowed	Varchar	1
SHIP-MENT-DET	These are additional details for the shipment of the merchandise.	LC Contract Input Screen-Ships/docs-shipment-Additional shipment details	VarChar	Long
SHIP-MENT-MARK	These are the specific shipment marks applicable for the shipment.	LC Contract Input Screen-Ship/Documents-Shipping Marks	VarChar	2000
GOODS-DESCR	This is the description of the commodity	LC Contract Input Screen-Ships/docs-Goods-description	VarChar	Long
DOC-DESCR	This is the description of the document code.	LC Contract Input Screen-Ships/docs-Documents-description	VarChar	255

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
CLAUS-ES	This is the clause code that should accom-pany the docu-ment required for the bill being pro-cessed.	LC Contract Input Screen-Ships/docs-Clauses Details	Varchar	12
OTHER-FFTS	This is the code that identifies the additional condi-tions that should accompany the advice.	Letters of Credit-Con-tract Input-Detailed-Advices Tab-FFTS Details	VarChar	2000
CHG-FROM-BEN	This field corre-sponds to field 71B of the S.W.I.F.T mes-sage MT 700.	LC Contract Input Screen- Others-Charges From Benefi-ciary	VarChar	210
PR-DATE	This field corre-sponds to field 48 of the S.W.I.F.T mes-sage MT 700.	LC Contract Input Screen others screen-Period of presentation field	VarChar	140
OPERA-TION-CODE	This is the code that identifies the additional instructions.	Letters of Credit-Con-tract Input-Detailed-Main Screen	Varchar	3
REB-NAME	This is the name of the reimburse-ment bank.	LC Contract Input Screen-Parties-Party details	VarChar	150
REB-ADDR-LN1	This is the name of the reimburse-ment bank.	LC Contract Input Screen-Parties-Party details-address1	VarChar	105
REB-ADDR-LN2	This is the name of the reimburse-ment bank.	LC Contract Input Screen-Parties-Party details-address2	VarChar	105
REB-ADDR-LN3	This is the name of the reimburse-ment bank.	LC Contract Input Screen-Parties-Party details-address3	VarChar	105
REB-ADDR-LN4	This is the name of the reimburse-ment bank.	LC Contract Input Screen-Parties-Party details-address4	VarChar	105

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
ATB-NAME	This is the name of the bank through which the advice is routed.	LC Contract Input Screen-Parties -Party details	VarChar	150
ATB-ADDR-LN1	This is the address of bank through which the advice is routed. Each line of the address can contain a maximum of 35 characters.	LC Contract Input Screen-Parties - Party details-address1	VarChar	105
ATB-ADDR-LN2	-Do -	LC Contract Input Screen-Parties - Party details-address2	VarChar	105
ATB-ADDR-LN3	-Do -	LC Contract Input Screen-Parties - Party details-address3	VarChar	105
ISB-NAME	This is the name of the issuing bank.	LC Contract Input Screen-Parties	VarChar	150

15.2.5 GUARANTEE (MT 760)

ADVICE TAGS	DESCRIPTION
GU-DET	These are the details of the guarantee.

15.2.6 LC_INSTR_COPY

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
GU-DET	These are the details of the guarantee.	LC Contract Input Screen - Details of Guarantee such as Applicant, Beneficiary, Amount, Expiry date, and so on, as entered in the contract	Varchar	

15.2.7 LC_ACK_ADVICE (MT 730)

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
ACCOUNT-IDENTY	This is the unique identity associated with the account	LC Contract Input Screen-Others-Charges from issuing Bank-Account	Varchar	35
ACK-SENT-DATE	This is the date as on which the message was acknowledged.	LC Contract Input Screen-Dated Field under the Customer	Date	
CHRGS-FROM-ISB	These are the charges levied by the issuing bank for processing the LC.	LC Contract Input Screen-Others-Charges from issuing Bank - description	Varchar	210
AMT-IN-WORDS	This is amount for which the LC was opened, reflected in words.	System derived from Letters of Credit-Contract Input-Detailed-Main Tab	Varchar	

15.2.8 PADV_CL

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
REVOCA-BLE	This indicates the nature of the LC whether it is revocable or irrevocable.	LC Contract Input Screen - Main- Type - (As maintained in the product)	Varchar	1
TRANSFERA-BLE	This indicates whether the LC is transferable or non-transferable.	LC Contract Input Screen - Main - terms	Varchar	1
SETL-TYPE	This is the type of credit for which the LC is being processed.	Letters of Credit-Contract Input-Detailed-Main Tab-Credit	Varchar	1
CUMULA-TIVE	For an LC which revolves in value this reflects whether the method of rein-statement is cumulative or non-cumulative.	LC Contract Input Screen - Main - Under Revolving details	Varchar	1
REINSTAT-TYPE	This indicates whether the rein-statement is Auto or Manual.	LC Contract Input Screen - Main - Under Revolving details	Varcahar	1
REVOLVES-IN	This indicates whether the LC revolves in time or in value. A revolving LC will be reinstated in time or value based on whether the LC is cumulative or non-cumulative.	LC Contract Input Screen - Main - Under Revolving details	Varchar	1
OUR-REF-NO	This is the refer-ence number you have assigned to the LC.	LC Contract Input Screen - Main	Number	35

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
THEIR-REF-NO	This is the unique reference number assigned to the party involved in the LC.	LC Contract Input Screen - Main - under Customer	Number	35
EXPIRY-DATE	This is the date up to which the LC is valid.	LC Contract Input Screen - Main - under Terms-expiry date	Date	
EXPIRY-PLACE	This is the city, country or bank where the LC expires.	LC Contract Input Screen - Main - under Terms - expiry place	Varchar	29
APP-NAME	This is the name of the LC applicant.	LC Contract Input Screen - Parties - Party details	Varchar	150
APP-ADDR-LN1	This is the address of the LC applicant. Each line of the address can contain a maximum of 35 characters.	LC Contract Input Screen - Parties - Party details - address1	Varchar	105
APP-ADDR-LN2	- DO -	LC Contract Input Screen - Parties - Party details - address2	Varchar	105
APP-ADDR-LN3	- DO -	LC Contract Input Screen - Parties - Party details - address3	Varchar	105
APP-ADDR-LN4	- DO -	LC Contract Input Screen - Parties - Party details - address4	Varchar	105

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
BEN-NAME	This is the name of the institution/ company in favor of whom the LC is drawn.	LC Contract Input Screen - Parties screen - Party details	Varchar	150
BEN-ADDR-LN1	This is the address of the beneficiary	LC Contract Input Screen - Parties screen - Party details - address1	Varchar	105
BEN-ADDR-LN2	This is the address of the beneficiary	LC Contract Input Screen - Parties screen - Party details - address2	Varchar	105
BEN-ADDR-LN3	This is the address of the beneficiary	LC Contract Input Screen - Parties screen - Party details - address3	Varchar	105
BEN-ADDR-LN4	This is the address of the beneficiary	LC Contract Input Screen - Parties screen - Party details - address4	Varchar	105
LC-AMOUNT	This is the amount for which the LC has been opened.	LC Contract Input Screen - Main	Number	22,3
AMT-IN-WORDS	This is the LC amount in words.	System derived from Letter of Credit-Contract Input-Detailed-Main Tab	Varchar	
TOLER-ANCE	This indicates the positive and negative toler-ance of the LC amount.	LC Contract Input Screen - Main	Number	7
TOLR-TEXT	If the tolerance amount has not been specified then this field is populated with ‘Not Exceeding’.	Letter of Credit-Contract Input-Detailed-Main Tab-Tolerance	Varchar	1

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
ADDL-AMT	This field corresponds to field 39C of the S.W.I.F.T messages Mt 700 and MT 740	LC Contract Input Screen - others -additional amounts covered	Varchar	140
CR-AVL-WITH	This indicates the S.W.I.F.T. address of the bank where the amount availed under the LC should be credited with.	Contract Input Screen-Main under credit - with	Varchar	140
CR-AVL-BY	This indicates whether the credit will be availed by Payment, Acceptance etc.	Letters of Credit-Contract Input-Detailed-Main Tab-Credit	Varchar	1
FROM-PLACE	This indicates where the taking in charge at/ loading on board or dispatching the goods is to take place.	LC Contract Input Screen - Ship/Documents - Shipment - from	Varchar	65
TO-PLACE	This is the place where the goods have to be transported to.	LC Contract Input Screen - Ship/Documents - Shipment - to	Varchar	65
LATEST-SHP-DATE	This is the date by which the shipment of the goods has to take place	LC Contract Input Screen - Ship/Documents - Shipment - latest shipment date	Date	
SHIPMENT-PERIOD	This information pertains to the place from and to which goods are to be dispatched or transported.	LC Contract Input Screen - Ship/Documents - Shipment - shipment period	Varchar	395

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
GOODS-DESCR	This field holds the full description of the merchandise traded under the LC for which the advice is being generated.	LC Contract Input Screen - Ship/Documents - Goods-discription	Varchar	Long
ATB-NAME	This is the name of the bank through whom the advice is routed	LC Contract Input Screen - Parties - Party details-customer Name		11
ATB-ADDR-LN1	This is the mailing address of the bank through whom the advice is routed.	LC Contract Input Screen - Parties - Party details-address1	Varchar	150
PRE-ADVICE	This is the description of the pre advice.	LC Contract Input Screen - Ship/Documents - Goods	Varchar	255
LC-TYPE	This indicates whether the LC is an Import LC or an Export LC.	Letters of Credit-Contract Input-Detailed-Main Screen - type	Varchar	1
PRE-ADVICE	These are the details of the guarantee.	LC Contract Input Screen - Ship/Documents - Goods	Varchar	255

15.2.9 LC_PRE_ADVICE (MT 705)

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
BRANCH-DATE		System Date for the Branch	Date	
RECV-NAME	Receiver Name		varchar	150
RECV-ADDR-LN1	Receiver Information	Contract Input Screen-Settlement Tab	varchar	105
RECV-ADDR-LN2	Receiver Information	Contract Input Screen-Settlement Tab	varchar	105
RECV-ADDR-LN3	Receiver Information	Contract Input Screen-Settlement Tab	varchar	105
RECV-ADDR-LN4	Receiver Information	Contract Input Screen-Settlement Tab	varchar	105
REVOCABLE		LC Contract Input Screen - Main- Type	Varchar	1
TRANSFERABLE		LC Contract Input Screen - Main	varchar	1
SETL-TYPE		Letters of Credit-Contract Input-Detailed-Main Tab-Credit	Varchar	1
CUMULATIVE		LC Contract Input Screen - Main - Cumulative	varchar	1
REINSTAT-TYPE				
REVOLVES-IN		Letter of Credit-Contract Input-Detailed-Main Tab-Revolving Details	Varchar	1
OUR-REF-NO		Letter of Credit-Contract Input-Detailed-Main Tab-Terms	Varchar	35
USERREF		Letter of Credit-Contract Input-Detailed-Main Screen	varchar	35
EXPIRY-DATE		LC Contract Input Screen-Main- expiry date	Date	
EXPIRY-PLACE		LC Contract Input Screen-Main - expiry place	varchar	29
APP-NAME	This is the name of the LC applicant.	Contract Input Screen-Parties- Party details- customer name	varchar	150

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
APP-ADDR-LN1	This is the address of the LC applicant. Each line of the address can contain a maximum of 35 characters.	Contract Input Screen-Parties- Party details- address1	varchar	105
APP-ADDR-LN2	- DO -	Contract Input Screen-Parties- Party details- address2	varchar	105
APP-ADDR-LN3	- DO -	Contract Input Screen-Parties- Party details- address3	varchar	105
APP-ADDR-LN4	- DO -	Contract Input Screen-Parties- Party details- address4	varchar	105
BEN-NAME		LC Contract Input Screen - Parties screen - Party details- customer name	varchar	150
BEN-ADDR-LN1		LC Contract Input Screen - Parties screen - Party details- address1	varchar	105
BEN-ADDR-LN2		LC Contract Input Screen - Parties screen - Party details- address2	varchar	105
BEN-ADDR-LN3		LC Contract Input Screen - Parties screen - Party details- address3	varchar	105
BEN-ADDR-LN4		LC Contract Input Screen - Parties screen - Party details- address4	varchar	105
LC-AMOUNT		LC Contract Input Screen - Main		22,3
AMT-IN-WORDS		System derived from Letter of Credit-Contract Input-Detailed-Main Tab	varchar	
TOLER-ANCE		Letter of Credit-Contract Input-Detailed-Main Tab-Tolerance	Varchar	7
TOLR-TEXT		Letter of Credit-Contract Input-Detailed-Main Tab-Tolerance	Varchar	1
ADDL-AMT		Letter of Credit-Contract Input-Detailed- others		

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
CR-AVL-WITH		Contract Input Screen-Main under credit -with	varchar	140
CR-AVL-BY		Contract Input Screen-Main under credit -with	varchar	1
FROM-PLACE		Letter of Credit-Contract Input-Detailed-Ship/Documents Tab-Shipment	Varchar	65
TO-PLACE		Letter of Credit-Contract Input-Detailed-Ship/Documents Tab-Shipment	Varchar	65
LATEST-SHP-DATE		Letter of Credit-Contract Input-Detailed-Ship/Documents Tab-Shipment	Date	
SHIPMENT-PERIOD		Letter of Credit-Contract Input-Detailed-Ship/Documents Tab-Shipment	Varchar	395
GOODS-DESCR		Letter of Credit-Contract Input-Detailed-Ship/Documents Tab-Goods	Varchar	Long
ATB-NAME		LC Contract Input Screen-Parties -Party details-customer name	Varchar	150
ATB-ADDR-LN1		LC Contract Input Screen-Parties -Party details - address1	Varchar	105
ATB-ADDR-LN2		LC Contract Input Screen-Parties -Party details - address2	Varchar	105
ATB-ADDR-LN3		LC Contract Input Screen-Parties -Party details - address3	Varchar	105
ATB-ADDR-LN4		LC Contract Input Screen-Parties -Party details - address4	Varchar	105
PRE-ADVICE	This is the description of the pre advice.	LC Contract Input Screen - Ship/Documents - Goods	Varchar	255
OTHER-FFTS		Letters of Credit-Contract Input-Detailed-Advices Tab-FFTS Details	Varchar	2000

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
SND2RE-CINFO		Contract Input Screen-Advices	Varchar	2000
BRANCH-NAME		Branch Parameters detailed - Branch Name	varchar	105

15.2.10 LC_ACK_AMEND

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
BRANCH-DATE		System Date for the Branch	Date	
RECV-NAME	Receiver Name	Contract Input Screen-Settlement Tab	varchar	150
RECV-ADDR-LN1	Receiver Information	Contract Input Screen-Settlement Tab	varchar	105
RECV-ADDR-LN2	Receiver Information	Contract Input Screen-Settlement Tab	varchar	105
RECV-ADDR-LN3	Receiver Information	Contract Input Screen-Settlement Tab	varchar	105
RECV-ADDR-LN4	Receiver Information	Contract Input Screen-Settlement Tab	varchar	105
OUR-REF-NO		Letters of Credit-Contract Input-Detailed-Main Tab	varchar	35
USER-REF		Letters of Credit-Contract Input-Detailed-Main Screen	varchar	35
THEIR-REF-NO		Letters of Credit-Contract Input-Detailed-Main Screen-their reference number	varchar	35
LC-AMOUNT		LC Contract Input Screen-Main	Number	22,3
AMT-IN-WORDS		System Derived from the LC contract input-main screen	varchar	
BEN-NAME	This is the name of the institution/company in favor of whom the LC is drawn.	LC Contract Input Screen - Parties screen - Party details- customer name	varchar	150
BEN-ADDR-LN1	This is the address of the beneficiary	LC Contract Input Screen - Parties screen - Party details - address1	varchar	105
BEN-ADDR-LN2	This is the address of the beneficiary	LC Contract Input Screen - Parties screen - Party details - address2	varchar	105

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
BEN-ADDR-LN3	This is the address of the beneficiary	LC Contract Input Screen - Parties screen - Party details - address3	varchar	105
BEN-ADDR-LN4	This is the address of the beneficiary	LC Contract Input Screen - Parties screen - Party details - address4	varchar	105
OTHER-FFTS		Letters of Credit-Contract Input-Detailed-Advices Tab-FFTS Details	varchar	2000
SND2RE-CINFO		Contract Input Screen-Advices	varchar	2000
BRANCH-NAME	Name of the Branch	Branch Parameters detailed - Branch Name	varchar	105

15.2.11 LC_CASH_COL_ADV

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
VDATE	This is the value date of the contract	LC Contract Input Screen-Main	Date	
SETL-AMOUNT	This is the amount or percentage of the maximum LC amount	LC Contract Input Screen-Collateral Tab-Amount or Percentage	Number	22,3
SETL-AMT-WORDS	This is the settlement amount expressed in words.	System derived from LC Contract Input Screen-Collateral Tab-Amount or Percentage	Varchar	
COLLAT-ERAL-AMT	This is the value of the cash collateral expressed in the collateral currency.	LC Contract Input Screen-Collateral Tab-collateral amount	Number	22,3
COLL-AMT-WORDS	This is the collateral amount expressed in words	System derived from LC Contract Input Screen-Collateral Tab	Varchar	
COLLAT-ERAL-CCY	This is the currency in which the cash collateral is collected.	LC Contract Input Screen-Collateral Tab-collateral currency	Varchar	3
EX-RATE	This is the exchange rate to be used if the collateral currency is different from the currency of the account from which it is collected.	LC Contract Input Screen-Collateral Tab-Exchange Rate	Number	24,12
AC-COUNT	This is the identification number assigned to the account which has been debited	LC Contract Input Screen-Settlement details - Account details	Varchar	20

15.2.12 LC_AMD_AUTH_REB (MT 747)

ADVICE TAGS	DESCRIPTION
NOT AVAILABLE	

15.2.13 AMD_IMP_CR

ADVICE TAGS	DESCRIPTION
NOT AVAILABLE	

15.2.14 GUA_AMD_INSTR (MT 767)

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
GUA-TYPE	If the LC being processed is a guarantee, this field indicates the guarantee type.	LC Contract Input Screen-Main - Guarantee Type	VarChar	105
LC-AMOUNT	This is the Guarantee amount.	Letters of Credit-Contract Input-Detailed-Main Tab- contract amount	Number	22,3
INC-LC-AMOUNT	This amount reflects the increase in the guarantee amount.	LC Contract Input Screen-Main- contract amount	Number	22,3
NEW-AMT-WORDS	If there has been an increase in the guarantee amount then this is the new amount expressed in words.	System derived from Letter of Credit-Contract Input-Detailed-Main Tab	VarChar	
DEC-LC-AMOUNT	This amount reflects the decrease in the guarantee amount.	LC Contract Input Screen-Main- contract amount	Number	22,3
NEW-AMT-WORDS	If there has been a decrease in the guarantee amount then this is the new amount expressed in words.	System derived from Letter of Credit-Contract Input-Detailed-Main Tab	VarChar	

15.2.15 LC_AM_INST_COPY

ADVICE TAGS	DESCRIPTION
NOT AVAILABLE	

15.2.16 ACK_TRACER

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
BRANCH-DATE	Branch Date	Application Date of the Branch	Date	
RECV-NAME	Receiver's Name	Contract Input Screen-Settlement Tab	Varchar	150

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
RECV-ADDR-LN1	Receiver Address Line 1	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN2	Receiver Address Line 2	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN3	Receiver Address Line 3	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN4	Receiver Address Line 4	Contract Input Screen-Settlement Tab	Varchar	105
OUR-REF-NO	Our Reference Number	Letters of Credit-Contract Input-Detailed-Main Tab	varchar	35
USER-REF	User Reference Number	Letters of Credit-Contract Input-Detailed-Main Screen	varchar	35
THEIR-REF-NO	Their Reference Number	Letters of Credit-Contract Input-Detailed-Main Screen	varchar	35
LC-AMOUNT	LC Amount	LC Contract Input Screen-Main-Amount	Number	22,3
AMT-IN-WORDS	LC Amount in Words	System derived from Letter of Credit-Contract Input-Detailed-Main Tab	Varchar	
BEN-NAME	Beneficiary's Name	LC Contract Input Screen - Parties screen - Party details - customer name	Varchar	150
BEN-ADDR-LN1	Beneficiary's Address Line 1	LC Contract Input Screen - Parties screen - Party details - address1	Varchar	105
BEN-ADDR-LN2	Beneficiary's Address Line 2	LC Contract Input Screen - Parties screen - Party details - address2	Varchar	105

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/Date	Length
BEN-ADDR-LN3	Beneficiary's Address Line 3	LC Contract Input Screen - Parties screen - Party details - address3	Varchar	105
BEN-ADDR-LN4	Beneficiary's Address Line 4	LC Contract Input Screen - Parties screen - Party details - address4	Varchar	105
APP-NAME	Applicant's Name	LC Contract Input Screen - Parties screen - Party details - customer name	Varchar	150
APP-ADDR-LN1	Applicant's Address Line 1	LC Contract Input Screen - Parties screen - Party details - address1	Varchar	105
APP-ADDR-LN2	Applicant's Address Line 2	LC Contract Input Screen - Parties screen - Party details - address2	Varchar	105
APP-ADDR-LN3	Applicant's Address Line 3	LC Contract Input Screen - Parties screen - Party details - address3	Varchar	105
APP-ADDR-LN4	Applicant's Address Line 4	LC Contract Input Screen - Parties screen - Party details - address4	Varchar	105
ISSUE-DATE	Date of Issue	Contract Input Screen-Main	Date	

15.2.17 CHG_COM_TRACER

ADVICE TAGS	DESCRIPTION
NOT AVAILABLE	

15.2.18 CON_TRACER

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
BRANCH-DATE	Branch Date	System Date for the branch	Date	
RECV-NAME	Receiver Name	Contract Input Screen-Settlement Tab	Varchar	150
RECV-ADDR-LN1	Receiver Address Line 1	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN2	Receiver Address Line 2	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN3	Receiver Address Line 3	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN4	Receiver Address Line 4	Contract Input Screen-Settlement Tab	Varchar	105
OUR-REF-NO	Our Reference Number	Letters of Credit-Contract Input-Detailed-Main Tab	varchar	35
USER-REF	User Reference Number	Letters of Credit-Contract Input-Detailed-Main Screen	varchar	35
THEIR-REF-NO	Their Reference Number	Letters of Credit-Contract Input-Detailed-Main Screen	varchar	35
LC-AMOUNT	LC Amount	LC Contract Input Screen-Main-Amount	Number	22,3
AMT-IN-WORDS	LC Amount in Words	System derived from Letter of Credit-Contract Input-Detailed-Main Tab	Varchar	
BEN-NAME	Beneficiary's Name	LC Contract Input Screen - Parties screen - Party details -Customer name	varchar	150

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
BEN-ADDR-LN1	Beneficiary's Address Line 1	LC Contract Input Screen - Parties screen - Party details - address1	varchar	105
BEN-ADDR-LN2	Beneficiary's Address Line 2	LC Contract Input Screen - Parties screen - Party details - address2	varchar	105
BEN-ADDR-LN3	Beneficiary's Address Line 3	LC Contract Input Screen - Parties screen - Party details - address3	varchar	105
BEN-ADDR-LN4	Beneficiary's Address Line 4	LC Contract Input Screen - Parties screen - Party details - address4	varchar	105
APP-NAME	Applicant's Name	LC Contract Input Screen - Parties screen - Party details -Customer name	varchar	150
APP-ADDR-LN1	Applicant's Address Line 1	LC Contract Input Screen - Parties screen - Party details - address1	varchar	105
APP-ADDR-LN2	Applicant's Address Line 2	LC Contract Input Screen - Parties screen - Party details - address2	varchar	105
APP-ADDR-LN3	Applicant's Address Line 3	LC Contract Input Screen - Parties screen - Party details - address3	varchar	105
APP-ADDR-LN4	Applicant's Address Line 4	LC Contract Input Screen - Parties screen - Party details - address4	varchar	105
ISSUE-DATE	Date of Issue	Contract Input Screen-Main- issue date	Date	
BRANCH-NAME	Branch Name	Branch Parameters detailed - Branch Name	varchar	105

15.2.19 LC_CANCEL_ADV

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
BRANCH-DATE	Branch Date	System Date for the branch	Date	
RECV-NAME	Receiver Name	Contract Input Screen-Settlement Tab	Varchar	150
RECV-ADDR-LN1	Receiver Address Line 1	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN2	Receiver Address Line 2	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN3	Receiver Address Line 3	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN4	Receiver Address Line 4	Contract Input Screen-Settlement Tab	Varchar	105
OUR-REF-NO	Our Reference Number	Letters of Credit-Contract Input-Detailed-Main Tab	varchar	35
USERREF	User Reference Number	Letters of Credit-Contract Input-Detailed-Main Screen	varchar	35
THEIR-REF-NO	Their Reference Number	Letters of Credit-Contract Input-Detailed-Main Screen	varchar	35
ISB-NAME	Issuing Bank Name	LC Contract Input Screen-Parties - Party details - customer name	varchar	150
ISB-ADDR-LN1	Issuing Bank Address Line 1	LC Contract Input Screen-Parties - Party details - address1	varchar	105
ISB-ADDR-LN2	Issuing Bank Address Line 2	LC Contract Input Screen-Parties - Party details - address2	varchar	105

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
ISB-ADDR-LN3	Issuing Bank Address Line 3	LC Contract Input Screen-Parties - Party details - address3	varchar	105
ISB-ADDR-LN4	Issuing Bank Address Line 4	LC Contract Input Screen-Parties - Party details - address4	varchar	105
APP-NAME	Applicant's Name	LC Contract Input Screen-Parties - Party details - customer name	varchar	150
APP-ADDR-LN1	Applicant's Address Line 1	LC Contract Input Screen-Parties - Party details - address1	varchar	105
APP-ADDR-LN2	Applicant's Address Line 2	LC Contract Input Screen-Parties - Party details - address2	varchar	105
APP-ADDR-LN3	Applicant's Address Line 3	LC Contract Input Screen-Parties - Party details - address3	varchar	105
APP-ADDR-LN4	Applicant's Address Line 4	LC Contract Input Screen-Parties - Party details - address4	varchar	105
BEN-NAME	Beneficiary's Name	LC Contract Input Screen-Parties - Party details - customer name	varchar	150
BEN-ADDR-LN1	Beneficiary's Address Line 1	LC Contract Input Screen-Parties - Party details - address1	varchar	105
BEN-ADDR-LN2	Beneficiary's Address Line 2	LC Contract Input Screen-Parties - Party details - address2	varchar	105
BEN-ADDR-LN3	Beneficiary's Address Line 3	LC Contract Input Screen-Parties - Party details - address3	varchar	105

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
BEN-ADDR-LN4	Beneficiary's Address Line 4	LC Contract Input Screen-Parties - Party details - address4	varchar	105
LC-AMOUNT	LC Amount	LC Contract Input Screen-Parties - Party details - customer name	Number	22,3
AMT-IN-WORDS	LC Amount in Words	System derived from Letter of Credit-Contract Input-Detailed-Main Tab	Varchar	
ISSUE-DATE	Date of Issue	LC Contract Input Screen-Main - issue date	Date	
EXPIRY-DATE	Date of Expiry	LC Contract Input Screen-Main - expiry date	Date	
SND2RECINFO	Sender to Receiver Information	Contract Input Screen-Advices	varchar	2000
BRANCH-NAME	Branch Name	Branch Parameters detailed - Branch Name	varchar	105

15.2.20 PADV_TO_ADVCON

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
BRANCH-DATE	Branch Date	System Date for the branch	Date	
RECV-NAME	Receiver Name	Contract Input Screen-Settlement Tab	Varchar	150
RECV-ADDR-LN1	Receiver Address Line 1	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN2	Receiver Address Line 2	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN3	Receiver Address Line 3	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN4	Receiver Address Line 4	Contract Input Screen-Settlement Tab	Varchar	105
OUR-REF-NO	Our Reference Number	Letters of Credit-Contract Input-Detailed-Main Tab	varchar	35
THEIR-REF-NO	Their Reference Number	Letters of Credit-Contract Input-Detailed-Main Screen	varchar	35
ISB-NAME	Issuing Bank Name	LC Contract Input Screen-Parties - Party details - customer name	varchar	150
ISB-ADDR-LN1	Issuing Bank Address Line 1	LC Contract Input Screen-Parties - Party details - address1	varchar	105
ISB-ADDR-LN2	Issuing Bank Address Line 2	LC Contract Input Screen-Parties - Party details - address2	varchar	105
ISB-ADDR-LN3	Issuing Bank Address Line 3	LC Contract Input Screen-Parties - Party details - address3	varchar	105
ISB-ADDR-LN4	Issuing Bank Address Line 4	LC Contract Input Screen-Parties - Party details - address4	varchar	105
APP-NAME	Applicant's Name	LC Contract Input Screen-Parties - Party details - customer name	varchar	150
APP-ADDR-LN1	Applicant's Address Line 1	LC Contract Input Screen-Parties - Party details - address1	varchar	105

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
APP-ADDR-LN2	Applicant's Address Line 2	LC Contract Input Screen-Parties - Party details - address2	varchar	105
APP-ADDR-LN3	Applicant's Address Line 3	LC Contract Input Screen-Parties - Party details - address3	varchar	105
APP-ADDR-LN4	Applicant's Address Line 4	LC Contract Input Screen-Parties - Party details - address4	varchar	105
BEN-NAME	Beneficiary's Name	LC Contract Input Screen-Parties - Party details - customer name	varchar	150
BEN-ADDR-LN1	Beneficiary's Address Line 1	LC Contract Input Screen-Parties - Party details - address1	varchar	105
BEN-ADDR-LN2	Beneficiary's Address Line 2	LC Contract Input Screen-Parties - Party details - address2	varchar	105
BEN-ADDR-LN3	Beneficiary's Address Line 3	LC Contract Input Screen-Parties - Party details - address3	varchar	105
BEN-ADDR-LN4	Beneficiary's Address Line 4	LC Contract Input Screen-Parties - Party details - address4	varchar	105
LC-AMOUNT	LC Amount	LC Contract Input Screen-Main-Amount	Number	22,3
AMT-IN-WORDS	LC Amount in Words	System derived from Letter of Credit-Contract Input-Detailed-Main Tab	Varchar	
EXPIRY-DATE	Date of Expiry	LC Contract Input Screen-Main	Date	
_FOR-ATB__	Details for Advising Through Bank	LC Contract Input Screen - Parties screen - Party details-Party Type	Varchar	16
FOR-BEN	Details for Beneficiary	LC Contract Input Screen - Parties screen - Party details-Party Type	Varchar	16

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
OTHER-FFTS	Other Free Format Text	Letters of Credit-Contract Input-Detailed-Advices Tab-FFTS Details	Varchar	2000
SND2RECINFO	Sender to Receiver Information	Contract Input Screen-Advices	varchar	2000
BRANCH-NAME	Branch Name	Branch Parameters detailed - Branch Name	varchar	105

15.2.21 ADV_TO_ADVCON

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
BRANCH-DATE	Branch Date	Application Date of the Branch	Date	
RECV-NAME	Receiver Name	Contract Input Screen-Settlement Tab	Varchar	150
RECV-ADDR-LN1	Receiver Address Line 1	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN2	Receiver Address Line 2	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN3	Receiver Address Line 3	Contract Input Screen-Settlement Tab	Varchar	105
RECV-ADDR-LN4	Receiver Address Line 4	Contract Input Screen-Settlement Tab	Varchar	105
OUR-REF-NO	Our Reference Number	Letters of Credit-Contract Input-Detailed-Main Tab	Varchar	35
USERREF	User Reference Number	Letters of Credit-Contract Input-Detailed-Main Screen	Varchar	35
THEIR-REF-NO	Their Reference Number	Letters of Credit-Contract Input-Detailed-Main Screen	Varchar	35
ISB-NAME	Issuing Bank Name	LC Contract Input Screen - Parties screen - Party details- customer name	Varchar	150
ISB-ADDR-LN1	Issuing Bank Address Line 1	LC Contract Input Screen - Parties screen - Party details - address1	Varchar	105
ISB-ADDR-LN2	Issuing Bank Address Line 2	LC Contract Input Screen - Parties screen - Party details - address2	Varchar	105
ISB-ADDR-LN3	Issuing Bank Address Line 3	LC Contract Input Screen - Parties screen - Party details - address3	Varchar	105
ISB-ADDR-LN4	Issuing Bank Address Line 4	LC Contract Input Screen - Parties screen - Party details - address4	Varchar	105
APP-NAME	Applicant's Name	LC Contract Input Screen - Parties screen - Party details- customer name	Varchar	150

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
APP-ADDR-LN1	Applicant's Address Line 1	LC Contract Input Screen - Parties screen - Party details - address1	Varchar	105
APP-ADDR-LN2	Applicant's Address Line 2	LC Contract Input Screen - Parties screen - Party details - address2	Varchar	105
APP-ADDR-LN3	Applicant's Address Line 3	LC Contract Input Screen - Parties screen - Party details - address3	Varchar	105
APP-ADDR-LN4	Applicant's Address Line 4	LC Contract Input Screen - Parties screen - Party details - address4	Varchar	105
BEN-NAME	Beneficiary's Name	LC Contract Input Screen - Parties screen - Party details- customer name	Varchar	150
BEN-ADDR-LN1	Beneficiary's Address Line 1	LC Contract Input Screen - Parties screen - Party details - address1	Varchar	105
BEN-ADDR-LN2	Beneficiary's Address Line 2	LC Contract Input Screen - Parties screen - Party details - address2	Varchar	105
BEN-ADDR-LN3	Beneficiary's Address Line 3	LC Contract Input Screen - Parties screen - Party details - address3	Varchar	105
BEN-ADDR-LN4	Beneficiary's Address Line 4	LC Contract Input Screen - Parties screen - Party details - address4	Varchar	105
PRE-SENT-DATE	LC Present Date	LC Contract Input Screen - Audit trial Date field i.e., checker_dt_stamp (on first save and authorize of contract)	Date	
SND2RE-CINFO	Sender to Receiver Information	Contract Input Screen- Advices	Varchar	2000

15.2.22 AMD_EXP_CR

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
BRANCH-DATE	Branch Date	Application Date of the Branch	Date	
RECV-NAME	Receiver Name	Contract Input -Settlement Tab-Local Clearings Tab- Under Receiver Information Title-Receiver Name	Varchar	150
RECV-ADDR-LN1	Receiver Address Line 1	Contract Input Screen-Settlement Tab	varchar	105
RECV-ADDR-LN2	Receiver Address Line 2	Contract Input Screen-Settlement Tab	varchar	105
RECV-ADDR-LN3	Receiver Address Line 3	Contract Input Screen-Settlement Tab	varchar	105
RECV-ADDR-LN4	Receiver Address Line 4	Contract Input Screen-Settlement Tab	varchar	105
OUR-REF-NO	Our Reference Number	Letters of Credit-Contract Input-Detailed-Main Tab	Varchar	35
THEIR-REF-NO	Their Reference Number	Letters of Credit-Contract Input-Detailed-Main Tab	Varchar	35
ISB-NAME	Issuing Bank Name	LC Contract Input Screen-Parties-Party details - customer name		150
ISB-ADDR-LN1	Issuing Bank Address Line 1	LC Contract Input Screen-Parties-Party details - address1	varchar	105
ISB-ADDR-LN2	Issuing Bank Address Line 2	LC Contract Input Screen-Parties-Party details - address2	varchar	105
ISB-ADDR-LN3	Issuing Bank Address Line 3	LC Contract Input Screen-Parties-Party details - address3	varchar	105
ISB-ADDR-LN4	Issuing Bank Address Line 4	LC Contract Input Screen-Parties-Party details - address4	varchar	105
APP-NAME	Applicant’s Name	LC Contract Input Screen-Parties-Party details - customer name	varchar	150
APP-ADDR-LN1	Applicant’s Address Line 1	LC Contract Input Screen-Parties-Party details - address1	varchar	105

ADVICE TAGS	DESCRIPTION	Tab/Button-FIELD NAME	Varchar/ Number/ Date	Length
APP-ADDR-LN2	Applicant's Address Line 2	LC Contract Input Screen-Parties-Party details - address2	varchar	105
APP-ADDR-LN3	Applicant's Address Line 3	LC Contract Input Screen-Parties-Party details - address3	varchar	105
APP-ADDR-LN4	Applicant's Address Line 4	LC Contract Input Screen-Parties-Party details - address4	varchar	105
BEN-NAME	Beneficiary's Name	LC Contract Input Screen - Parties screen - Party details - customer name	varchar	150
BEN-ADDR-LN1	Beneficiary's Address Line 1	LC Contract Input Screen - Parties screen - Party details - address1	varchar	105
BEN-ADDR-LN2	Beneficiary's Address Line 2	LC Contract Input Screen - Parties screen - Party details - address2	varchar	105
BEN-ADDR-LN3	Beneficiary's Address Line 3	LC Contract Input Screen - Parties screen - Party details - address3	varchar	105
BEN-ADDR-LN4	Beneficiary's Address Line 4	LC Contract Input Screen - Parties screen - Party details - address4	varchar	105
LC-AMOUNT	LC Amount	LC Contract Input Screen-Main	Number	22,3
AMT-IN-WORDS	LC Amount in Words	System Derived from the LC contract input-main screen	Number	
EXPIRY-DATE	Date of Expiry	LC Contract Input Screen-Main- expiry date	Date	
OTHER-FFTS	Other Free Format Texts	Letters of Credit-Contract Input-Detailed-Advices Tab-FFTS Details	Varchar	2000
SND2RE-CINFO	Sender to Receiver Information	Contract Input Screen-Advices	Varchar	2000
BRANCH-NAME	Branch Name	Branch Parameters detailed - Branch Name	varchar	105

15.2.23 LC Messages

The exhaustive list of messages that can be generated during the lifecycle of an LC are listed below:

Message	Mail	Telex	SWIFT	From	To
L/C Instrument	Y	Y	Y	ISB	ABK/BEN
Amendment Instrument	Y	Y	Y	ISB	ABK/BEN
Guarantee Instrument	Y	Y	Y	ISB	ABK
Guarantee Amendment	Y	Y	Y	ISB	ABK
Debit Advice	Y	Y	Y	ISB /ABK	APP/BEN
Credit Advice (Generated automatically on Reversal)	Y	Y	Y	ISB /ABK	APP/BEN
Charge Claim Advice	Y	Y	Y	ISB /ABK	APP/BEN
Cash Collateral Advices	Y	Y	Y	ISB /ABK	APP/ISB
Reimbursement Advice	Y	Y	Y	ISB	RIB
Cancellation Advice	Y	N	N	ISB/ ABK	ABK/APP/ BEN/ RIB/ATB
L/C Pre-Advice: MT-705	Y	Y	Y	ISB	ABK/BEN
Reimbursement Advice Telex: MT-756	Y	Y	Y	ISB	ABK/BEN
ACK of an Import LC: MT-730	Y	Y	Y	ABK	ISB
ACK of Receipt Of Amend-ment To LC	Y	N	N	ABK	ISB
Authorization to Reim-burse: MT-740	Y	Y	Y	ISB	REB
Amendment to Authoriza-tion to Reimburse: MT-740	Y	Y	Y	ISB	REB
When No ABK	Y	N	N	ISB	BEN
Pre-Advise To BEN	Y	N	N	ABK	BEN
Change From Pre-Advice To Advice	Y	N	N	ABK	AT/BEN
Change From Pre-Advice To Advice And Confirm	Y	N	N	ABK	ATB/BEN
Change From Advice To Advice And Confirm	Y	N	N	ABK	ATB/BEN

Message	Mail	Telex	SWIFT	From	To
Amending An Import Credit, No ABK	Y	N	N	ISB/ ABK	BEN
Amending An Export Credit Previously Advised Or Confirmed, Via ATB	Y	N	N	ABK	ATB
Acknowledgment Tracer	Y	N	N	ISB	ABK
Confirmation Tracer	Y	N	N	ISB	ABK
Charges And Commission Tracer	Y	N	N	Issuing / ABK	APP/BEN/ ABK / ATB/ISB
Insurance Advice	Y	N	N	ISB	Insurance Company
Fax 700/707/LC confirmation Mail Message to counterparty	Y	N	N	ISB	Counterparty
ACK of LC Reimbursement: MT-747	Y	Y	Y	REB	ISB

15.2.24 Generating Multiple Copies of LC Instrument

You can generate multiple copies of the LC instrument with the same data and also specify different headers for each of the copy that you generate. To generate multiple copies, you need to maintain specific details in the following screens:

1) Format File Maintenance Screen

To generate multiple copies, you need to maintain a file format that will be used for the message and advices. For the LC_Instrument advice, you must associate the 'NUMCOPIESX' advice tag, where X denotes the number of the copy that is generated. Here you can specify different headers for each copy.

Refer to the Maintaining Advice Formats chapter of Messaging System user manual for the procedure to define file formats.

2) Customer Address Maintenance Screen

In this screen, you need to specify the number of copies allowed for the message type LC_Instrument. The system generates the number of copies specified for the instrument at the time of authorization for the customer address maintained in the screen.

Refer to the Maintaining Addresses for a Customer chapter of Messaging System user manual for maintaining addresses for the customer.

3) Outgoing Message Browser

When you are generating multiple copies of the original message, the system classifies the outgoing message as original or a copy in the Outgoing Message Browser.

The 'Copy' box indicates whether the outgoing message is a copy and in the 'No of Copy' field the number of that message is also displayed. This will help you keep count of the number of copies that is generated for the same message.

Refer to the Processing Outgoing Messages chapter in Messaging System user manual for further details on the Outgoing Message Browser.

15.2.25 Generating Fax 700/707 LC Confirmation Mail Message Copy to Counter-party

You can generate Fax 700/707 LC confirmation Mail Message copy to counterparty. To do this, you need to maintain specific details in the following screens:

1) Format File Maintenance Screen

To generate Fax 700/707 LC confirmation Mail Message copy, you need to maintain a file format that will be used for the message and advices. For the LC_Instrument advice, you must associate the 'FAX_DUPLICATE' advice tag, which carries the address of the receiver and a copy of the original message.

The advice format vs. message type mapping for the new message types should be as follows.

Module	Message type	Media
LC	LC_INSTRUMENT_FAX	FAX
LC	LC_AMND_INSTR_FAX	FAX

Refer to the Maintaining Advice Formats chapter of Messaging System user manual for the procedure to define file formats.

2) Customer Address Maintenance Screen

In this screen, you need to specify the format for the message type LC_INSTR_COPY and LC_AM_INST_COPY. The system generates the fax message for LC confirmation for the customer address maintained in the screen.

The customer address maintenance for media FAX should be as follows

Module	Message type	Format
LC	LC_INSTR_COPY	FAX_DUPLICATE
LC	LC_AM_INST_-COPY	FAX_DUPLICATE

Refer to the Maintaining Addresses for a Customer chapter of Messaging System user manual for maintaining addresses for the customer.

Party type abbreviations:

This is an exhaustive list of the parties that can be involved in an LC.

Code	Party Type
APP	Applicant
ACC	Accountee
ISB	Issuing Bank

ABK	Advising Bank
BEN	Beneficiary
ATB	Advise through bank
RIB	Reimbursing Bank
REIS	Reissue of Guarantee

15.2.26 LC event - Messages

15.2.27 BISS: Booking of an Import LC

Event	Message/Advice	From	To
BISS	LC_REIMB_ADV	ISB	RIB
BISS	ISB_BEN_CL	ISB	BEN
BISS	LC_AMND_INSTR	ISB	ABK/BEN
BISS	LC_CHC_MSG	ISB	ABK
BISS	LC_CASH_COL_ADV	ISB/ ABK	APP/ISB
BISS	LC_DR_MSG	ISB	APP/ABK
BISS	LC_INSTRUMENT	ISB	ABK/BEN
BISS	GUARANTEE	ISB	ABK/BEN
BISS	LC_REIMB_ADV	ISB	ABK
BISS	LC_RIM_MSG	ISB	RIB
BISS	LC_INSTR_COPY	ISB	BEN

15.2.28 AVAL: Availment under LC

Event	Message/ Advice	From	To
AVAL	LC_CHC_MSG	ABK	ISB
AVAL	LC_DR_MSG	ABK	BEN

15.2.29 CLOS: Closure of an LC / Guarantee

None

15.2.30 REIN: Reinstatement of an LC / Guarantee

Event	Message/Advice	From	To
REIN	LC_AMND_INSTR	ISB	ABK/BEN
REIN	LC_CHC_MSG	ISB/ABK	APP/BEN
REIN	LC_DR_MSG	ISB/ABK	APP/BEN
REIN	LC_INSTRUMENT	ISB	ABK/BEN

15.2.31 BADV: Advising an LC

Event	Message/Advice	From	To
BADV	LC_ACK_ADVICE	ABK	ISB
BADV	LC_CHC_MSG	ABK	ISB
BADV	LC_DR_MSG	ABK	BEN
BADV	LC_ACK_ADVICE	ABK	ISB

15.2.32 BCFM: Confirming an LC

Event	Message/Advice	From	To
BCFM	LC_ACK_ADVICE	ABK	ISB
BCFM	LC_CHC_MSG	ABK	ISB
BCFM	LC_CASH_COL_ADV	ABK	ISB
BCFM	LC_DR_MSG	ABK	BEN
BCFM	LC_ACK_ADVICE	ABK	ISB

15.2.33 BPRE: Pre-advising an LC

Event	Message/Advice	From	To
BPRE	LC_ACK_ADVICE	ABK	ISB
BPRE	LC_ATB_MSG	ABK	ATB
BPRE	LC_CHC_MSG	ISB/ABK	ABK/ISB
BPRE	LC_ACK_ADVICE	ABK	ISB
BPRE	LC_PA_MSG	ISB	ABK
BPRE	PADV_CL	ABK	ATB
BPRE	PADV_CL	ABK	BEN

15.2.34 BANC: Advising and Confirming an LC

Event	Message/Advice	From	To
BANC	LC_ACK_ADVICE	ABK	ISB
BANC	LC_CHC_MSG	ABK	ISB
BANC	LC_CASH_COL_ADV	ABK	ISB
BANC	LC_DR_MSG	ABK	BEN
BANC	LC_ACK_ADVICE	ABK	ISB

15.2.35 REIS: Reissue of Guarantee

Event	Message/Advice	From	To
REIS	LC_INSTRUMENT	ISB	ABK/BEN
REIS	GUARANTEE	ISB	ABK/BEN
REIS	LC_PRE_ADVICE	ABK	ISB

15.2.36 AMND: LC Amendments

Event	Message/Advice	From	To
AMND	LC_AMD_MSG	ISB	ABK
AMND	AMD_EXP_CR	ABK	ATB
AMND	AMD_EXP_CR	ABK	BEN
AMND	LC_ACK_AMND	ABK	ISB
AMND	LC_CASH_COL_ADV	ABK	ISB
AMND	LC_DR_MSG	ABK	BEN
AMND	LC_AMD_AUTH_REB	ISB	RIB
AMND	AMD_IMP_CR	ISB	BEN
AMND	GUA_AMD_INSTR	ISB	ABK
AMND	LC_AMND_INSTR	ISB	ABK/BEN
AMND	LC_CHC_MSG	ISB/ABK	ISB/ABK
AMND	LC_DR_MSG	ISB/ABK	APP/BEN
AMND	LC_INSTRUMENT	ISB	ABK/BEN
AMND	GUA_AMD_INSTR	ISB	ABK/BEN
AMND	LC_REIMB_ADV	ISB	ABK
AMND	LC_REIMB_ADV	ISB	RIB

AMND	LC_AM_INST_COPY	ISB	BEN

For the generation of outgoing MT707 from an incoming MT707, you need to link the message type ‘AMD_EXP_CR’ to the ‘AMND’ event of the product. In case of LC amendment, if the media is ‘SWIFT’ and message type is ‘AMD_EXP_CR’, the system will generate MT707. During generation of MT707 to the advice through bank, field 30 will be updated with the date in ‘Issuing Bank Amendment Date’ field. If the amendment date is null, then field 30 will not updated.

In response to MT700 and MT707, Oracle FLEXCUBE also allows you to generate MT730 as an acknowledgement of LC creation or amendment respectively. During LC amendment, MT730 is generated along with the advise ‘LC_ACK_AMND’ if the media is ‘SWIFT’ and message type is ‘LC_ACK_AMND’.

15.2.37 REVR: Reversal

Event	Message/Advice	From	To
REVR	LC_CNC_MADV	ISB	APP/ABK
REVR	LC_CR_MSG	ISB/ABK	APP/BEN

15.2.38 ACCR: Accrual of Commission

None

15.2.39 CALC: Periodic Commission Calculation Date

None

15.2.40 CLIQ: Liquidation of Commission

Event	Message/Advice	From	To
CLIQ	LC_DR_MSG	ISB/ABK	APP/BEN

15.2.41 ROPN: Reopening of an LC

Event	Message/Advice	From	To
ROPN	LC_CHC_MSG	ISB/ABK	ISB/ABK
ROPN	LC_DR_MSG	ISB/ABK	APP/BEN
ROPN	LC_INSTRUMENT	ISB	ABK/BEN
ROPN	GUARANTEE	ISB	ABK/BEN

15.2.42 TRGN: End of Day Check for Tracers

Event	Message/Advice	From	To
CHTR	ACK_TRACER	ISB	ABK
CHTR	CHG_COM_TRACER	ISB/ABK	APP/BEN/ABK/ATB /ISB
CHTR	CON_TRACER	ISB	ABK

15.2.43 CANC: Cancellation of an LC

Sl No	Event	Message/Advice	From	To
	CANC	LC_CANCEL_ADV	ISB	ABK/APP/BEN/RIB
	CANC	LC_CANCEL_ADV	ABK	BEN/ABK/ATB/RIB

15.2.44 APAC: Amendment from Pre-advice to Advice and Confirm

Event	Message/Advice	From	To
APAC	PADV_TO_ADVCON	ABK	ATB
APAC	PADV_TO_ADVCON	ABK	BEN
APAC	PADV_TO_ADVCON	ABK	ATB
APAC	PADV_TO_ADVCON	ABK	BEN
APAC	LC_ACK_AMND	ABK	ISB
APAC	LC_CASH_COL_ADV	ABK	ISB
APAC	LC_DR_MSG	ABK	BEN

15.2.45 APAD: Amendment from Pre-advice to Advice

Event	Message/Advice	From	To
APAD	LC_AMD_MSG	ISB	ABK
APAD	LC_ACK_AMND	ABK	ISB
APAD	LC_DR_MSG	ABK	BEN
AATC	LC_AMD_MSG	ISB	ABK
AATC	ADV_TO_ADVCON	ABK	ATB
AATC	LC_ACK_AMND	ABK	ISB
AATC	LC_DR_MSG	ABK	BEN

15.2.46 RASN: Reassign an LC

None

15.2.47 RAVL: Reversal of availment

None

15.2.48 CALC: Periodic commission calculation

None

15.2.49 Advice Generated for the Insurance Company

The **LC_INSURANCEADV** message is generated by the bank and sent to the Insurance Company at the time of Opening (BISS) and Amendment (AMND) of LC contract.

An insurance company advice gives details of the deal.

INSURANCE ADVICE

To,

INSURANCECO

_INSURANCECO_ADDR1_

_INSURANCECO_ADDR2_

_INSURANCECO_ADDR3_

_INSURANCECO_ADDR4_

Dear Sirs,

SUB:Open Policy/Cover No : _INSURANCECO_POLICYNO_

Our Letter Of Credit No. : _USERREFNO_ DATED : _ISSUE_DATE_

This is to advise you that we have today established the subject

Letter of Credit the details of which are as under. Kindly provide

us with Insurance Policy/Certificate/Declaration/Cover Note, which

ever is applicable, at your earliest

L/C No.:_CONTREFNO_

IRREVOCABLE

Amount:ABOUT _LC_CCY__LC_AMOUNT_CFR

Expiring On:_EXPIRY_DATE_

Opener of L/C:_APP_NAME_

_APP_ADDR1_

_APP_ADDR2_

_APP_ADDR3_

_APP_ADDR4_

Merchandise:_GOODS_DESCR_

Shipment From:_FROM_PLACE_

To:_TO_PLACE_

By:_SHIPMENT_DET_

Not Later Than:_LATEST_SHP_DATE_

Partial Shipment:_PARTIAL_SHP_

Transshipment:_TRANS_SHP_

Yours faithfullyFor Investbank PSC

[FILE COPY]

15.2.50 Advice Generated for Counterparty

The **LC_INSTR_COPY and LC_AM_INST_COPY** message types will be processed and an advice will be generated by the bank and sent to the counterparty at the time of LC confirmation.

The advice format maintenance will be as follows:

FAX_DUPLICATE

ADDRESS

ORIGINALMESSAGE

LC Contract processing will specify the receiver of the new message types as the applicant.

The message processing function will process confirmation / duplicate messages on the basis of the following:

- If the original message is not processed, then the original message will be processed first before generation of confirmation/duplicate message.
- If the status of original message is Repair then the duplicate message will also be in the same status.
- If the original message is generated, then the same message is copied to the duplicate message.
- The _ORIGINALMESSAGE_ advice tag will be populated with the actual message body of original message.
- The additional tags which will be updated for duplicate messages are Receiver address and sender address.
- The advice generation process will fetch the above tags and forms the message for duplicate messages.

15.3 LC SDEs

The following is an exhaustive list of SDEs that are supported for LC Module:

Name	Description
CUSTOMER_CREDIT_RATING	Holds the Credit Rating information of Customer

16. Annexure C - SWIFT Category 7 Messages

16.1 List of SWIFT Messages

The following messages are supported in the LC module.

Message	Event	Message Type in FLEXCUBE	Message Description	Generated On	Message Information
MT 700	BISS, REIN, REIS, AMND, ROPN	LC_INSTRUMENT	L/C Instrument	On opening Import LC	It is used to indicate the terms and conditions of a documentary credit which has been originated by the Sender (issuing bank). This message is sent by the issuing bank to the advising bank.
MT 701	BISS, REIN, REIS, AMND, ROPN	LC_INSTRUMENT	L/C Instrument - Continuation	On opening Import LC	Continuation of an MT 700 for fields 45a, 46a and 47a This message is sent by the issuing bank to the advising bank.
MT 705	BISS, REIS	LC_PRE_ADVICE	L/C Pre-Advice	On opening Import LC	It is a brief advice of a documentary credit, the full details of which will follow. The pre-advice is not an operative credit instrument. Unless otherwise stated, the issuing bank must forward the operative credit instrument, that is, MT 700 Issue of a Documentary credit, without delay. This message is sent by the issuing bank to the advising bank.

Message	Event	Message Type in FLEXCUBE	Message Description	Generated On	Message Information
MT 707	AMND, REIN, AMND	LC_AMND_INSTR	LC Amendment Instrument	Import LC Amendment	It is used to inform the Receiver about amendments to the terms and conditions of a documentary credit issued by the Sender or by a third bank. The amendment is to be considered as part of the documentary credit, unless the MT 707 is used to convey only brief details of the amendment, details of which are to follow. This message is sent by the issuing bank to the advising bank. It may also be sent by an advising bank to another advising bank or by a transferring bank to an advising bank.
MT 710	BADV, BANC	ADV_THIRD_BANK	Advice of a Third Bank's Documentary Credit	Export LC Advise	It is used to advise the Receiver of the terms and conditions of a documentary credit issued by a third bank.
MT 711	BADV, BANC	ADV_THIRD_BANK	Advice of a Third Bank's Documentary Credit - Continuation	Export LC Advise	Continuation of an MT 710 for fields 45a, 46a and 47a
MT 720	TRNF	TRANSFER_LC	Transfer of a Documentary Credit	Export LC Advise	It is used to advise the transfer of a documentary credit, or part thereof, to the bank advising the second beneficiary.
MT 721	TRNF	TRANSFER_LC	Transfer of a Documentary Credit - Continuation	Export LC Advise	Continuation of an MT 720 for fields 45a, 46a and 47a

Message	Event	Message Type in FLEXCUBE	Message Description	Generated On	Message Information
MT 730	BPRE, BADV, BANC, BCFM, AMND, APAD, APAC & AATC	LC_ACK_ADVICE	Acknowledgement	Export LC Advise	This message is used to acknowledge receipt of any documentary credit message. When applicable, it may also explicitly indicate that the message has been forwarded according to instructions. This message type may also be used: to account for bank charges to advise of acceptance or rejection of an amendment of a credit
MT 732	INIT	RESERVE_RELEASE	Advice of Discharge	When Discrepancies are accepted by the drawee, the negotiating bank is informed.	It is used to advise that documents received with discrepancies have been taken up.
MT 734	REFP	PAYMENT_REFUSAL / ACCEPT_REFUSAL	Advice of Refusal	When Bills are received with discrepancies, the negotiating bank is refused payment/ acceptance	It is used to advise the refusal of documents that are not in accordance with the terms and conditions of a documentary credit.

Message	Event	Message Type in FLEXCUBE	Message Description	Generated On	Message Information
MT 740	BISS	LC_AUTH_REIMB	Authorization to Reimburse, Amendment to Authorization to Reimburse	Import LC Opening	It is used to request the Receiver to honour claims for reimbursement of payment(s) or negotiation(s) under a documentary credit. The MT 740 authorises the reimbursing bank to debit the account of the Sender, or one of the Sender's branches if so indicated, for reimbursements effected in accordance with the instructions in the MT 740. This message is sent by the issuing bank to the reimbursing bank.
MT 742	INIT	REIMBRSMNT_CLM	Reimbursement Claim	When Export Bills are negotiated, a claim is sent to the Reimbursing bank.	It is used to provide a reimbursement claim to the bank authorized to reimburse the Sender or its branch for its payments/ negotiations.
MT 747	BISS	LC_AMD_AUTH_REB	Amendment to an Authorisation to Reimburse	Import LC Amendment	It is used to inform the Receiver about amendments to the terms and conditions of the credit relevant to the authorisation to reimburse. The amendment is to be considered as part of the authorisation to reimburse. This message is sent by the bank which has issued an authorisation to reimburse (issuing bank) to the reimbursing bank.

Message	Event	Message Type in FLEXCUBE	Message Description	Generated On	Message Information
MT 750	BOOK	DISCREPANCY_REQ	Advice of Discrepancy	When Export Bills are negotiated, and if the same contains discrepancies, request for approval is sent to the LC opening bank	It is used to advise of discrepancies and request authorisation to honour documents presented that are not in accordance with the terms and conditions of the documentary credit.
MT 752	INIT	DISCREPANCY_AUT	Authorisation to Pay, Accept or Negotiate	When an import LC is booked	It is used to advise a bank which has requested authorisation to pay, accept, negotiate or incur a deferred payment undertaking that the presentation of the documents may be honoured, notwithstanding the discrepancies, provided they are otherwise in order.
MT 754	INIT	ADV_PMT_ACPT	Advice of Payment/ Acceptance/ Negotiation	During initiation of Export Bill	It is used to advise that documents have been presented in accordance with the terms of a documentary credit and are being forwarded as instructed. This message type also handles the payment/negotiation.
MT 756	LIQD	REIM_PAY_ADV	Advice of Reimbursement or Payment	On liquidation of an import Bill	It is used to advise of the reimbursement or payment for a drawing under a documentary credit in which no specific reimbursement instructions or payment provisions were given.

Message	Event	Message Type in FLEXCUBE	Message Description	Generated On	Message Information
MT 760	BISS, REIS, ROP N	GUARAN-TEE	Guarantee Instrument	1. Request another bank to issue a guarantee. 2. Issue a guarantee through another bank.	This message is sent between banks involved in the issuance of a guarantee. It is used to issue a guarantee or to request the Receiver to issue a guarantee.
MT 767	AMN D	GUA_AM-D_INSTR	Guarantee Amendment	1. Request another bank to amend a guarantee. 2. Amend a guarantee through another bank	It is used to amend or request the amendment of the guarantee. This message is sent by a bank which has issued a guarantee to the bank to which the guarantee was issued. It may also be sent by a bank which has requested the issuance of a guarantee to the bank to which the request for a guarantee was sent.

Message	Event	Message Type in FLEXCUBE	Message Description	Generated On	Message Information
MT 768	BPRE, BADV, BANC,AMND, APAD,APAC & AATC, BISS, AMND	GUA_ACK_ADVICE	Acknowledgement of a Guarantee Message		It is used to acknowledge receipt of any message relating to a guarantee and, where applicable, to indicate that action has been taken according to the instructions. The Sender's charges may also be accounted for in this message. This message type is sent by a bank which has received a guarantee to the bank which issued the guarantee or an amendment thereto. It may also be sent by a bank which has been requested to issue a guarantee to the bank which requested the guarantee or an amendment thereto. The charges amount and the charges details of the issuing bank are also populated in the MT768 message.
MT 769	N.A.	N.A.	Advice of Charges, Interest and Other Adjustments	Generated using Common Group Messages Option (MSDCOMPM)	Advises an account owner of charges, interest or other adjustments to its account

Message	Event	Message Type in FLEXCUBE	Message Description	Generated On	Message Information
MT 790	N.A.	N.A.	Request for Payment of Charges, Interest and Other Expenses	Generated using Common Group Messages Option (MSD-COMPM)	Requests payment of charges, interest or other expenses
MT 791	N.A.	N.A.	Request for cancellation of the message	Generated using Common Group Messages Option (MSD-COMPM)	Requests the Receiver to consider cancellation of the message identified in the request
MT 792	N.A.	N.A.	Queries	Generated using Common Group Messages Option (MSD-COMPM)	Requests information relating to a previous message or amendment to a previous message
MT 795	N.A.	N.A.	Answers	Generated using Common Group Messages Option (MSD-COMPM)	Responds to a MT 795 Queries message or MT 792 Request for Cancellation or other messages where no specific message type has been provided for the response
MT 796	N.A.	N.A.	Proprietary Message	Generated using Common Group Messages Option (MSD-COMPM)	Contains formats defined and agreed to between users and for those messages not yet live

Message	Event	Message Type in FLEXCUBE	Message Description	Generated On	Message Information
MT 799	N.A.	N.A.	Free format message	Gener-ated using Common Group Messages Option (MSD-COMPM)	
MT799	GCLM	GUA_-CLAIM_ADV	Guarantee Claim Advice	Guarantee Claim Advice	It is used to advice the claim details

16.2 SWIFT Advices

This section contains the list of the SWIFT advices supported in the LC module.

EVENT	EVENT DESCRIPTION	SWIFT MT	Tag	Advice Description
BISS	Issue of a Doc-umentary Credit	MT 700	LC_IN-STRU-MENT	This message is sent by the issuing bank to the advising bank. It is used to indicate the terms and conditions of a documentary credit which has been originated by the Sender (issuing bank).
BISS	Pre-Advice of a Documentary Credit	MT 705	LC_PRE_ADVICE	This message is sent by the issuing bank to the advising bank. It is a brief advice of a documentary credit, the full details of which will follow. The pre-advice is not an operative credit instrument. Unless otherwise stated, the issuing bank must for-ward the operative credit instru-ment, ie, MT 700 Issue of a Documentary credit, without delay.

EVENT	EVENT DESCRIPTION	SWIFT MT	Tag	Advice Description
AMND	Amendment to a Documentary Credit	MT 707	LC_AMND_INSTR	This message is sent by the issuing bank to the advising bank. It may also be sent by an advising bank to another advising bank or by a transferring bank to an advising bank. It is used to inform the Receiver about amendments to the terms and conditions of a documentary credit issued by the Sender or by a third bank. The amendment is to be considered as part of the documentary credit, unless the MT 707 is used to convey only brief details of the amendment, details of which are to follow.
BPRE, BADV, BANC, AMND, APAD, APAC & AATC	Acknowledgement	MT 730	LC_ACK_ADVICE	This message is used to acknowledge receipt of any documentary credit message. When applicable, it may also explicitly indicate that the message has been forwarded according to instructions. This message type may also be used: To account for bank charges To advise of acceptance or rejection of an amendment of a credit.
BISS	Authorisation to Reimburse	MT 740	LC_AUTH_REIMB	This message is sent by the issuing bank to the reimbursing bank. It is used to request the Receiver to honour claims for reimbursement of payment(s) or negotiation(s) under a documentary credit. The MT 740 authorises the reimbursing bank to debit the account of the Sender, or one of the Sender's branches if so indicated, for reimbursements effected in accordance with the instructions in the MT 740.

EVENT	EVENT DESCRIPTION	SWIFT MT	Tag	Advice Description
BISS	Amendment to an Authorisation to Reimburse	MT 747	LC_AMD_AUTH_REB	This message is sent by the bank which has issued an authorisation to reimburse (issuing bank) to the reimbursing bank. It is used to inform the Receiver about amendments to the terms and conditions of the credit relevant to the authorisation to reimburse. The amendment is to be considered as part of the authorisation to reimburse.
BISS	Guarantee	MT 760	GUARANTEE	This message is sent between banks involved in the issuance of a guarantee. It is used to issue a guarantee or to request the Receiver to issue a guarantee.
AMND	Guarantee Amendment	MT 767	GUA_AMD_INSTR	This message is sent by a bank which has issued a guarantee to the bank to which the guarantee was issued. It may also be sent by a bank which has requested the issuance of a guarantee to the bank to which the request for a guarantee was sent. It is used to amend or request the amendment of the guarantee.
BPRE, BADV, BANC, AMND, APAD, APAC & AATC, BISS	Acknowledgement of a Guarantee Message	MT 768	GUA_ACK_ADVICE	This message type is sent by a bank which has received a guarantee to the bank which issued the guarantee or an amendment thereto. It may also be sent by a bank which has been requested to issue a guarantee to the bank which requested the guarantee or an amendment thereto. It is used to acknowledge receipt of any message relating to a guarantee and, where applicable, to indicate that action has been taken according to the instructions. The Sender's charges may also be accounted for in this message. MT768 during guarantee issuance is generated only when the counterparty in the guarantee contract is an applicant bank.

EVENT	EVENT DESCRIPTION	SWIFT MT	Tag	Advice Description
ALL	Free format Message	MT 799	NOT SUPPORTED AT THE PRODUCT LEVEL. CAN BE INPUT FROM MESSAGING MODULE.	Free format messages for LC which is not covered in any of the 10xx series.

16.3 Details of MT202 (General Financial Institution Transfer)

This section deals with the mapping between the fields in the SWIFT message MT202 and the corresponding fields in Oracle FLEXCUBE.

Field in SWIFT	Description	Mandatory /Optional	Field in Oracle FLEXCUBE	Remarks
20	Transaction Reference Number	M	Reference Number	contract_ref_no for all module expect LC & BC. For LC & BC LCTMS_BRANCH_PARAMETERS & BCTMS_BRANCH_PARAMETERS
21	Related Reference	M	Source Reference no, user Reference Number, NON REF	For uploaded contracts it is source_ref and this should not be equal to user_ref_number. For normal contracts user_ref_number. Again if user_ref = contract_Ref then "NONREF"
13C	Time Indication	O		
32A	Value Date, Currency Code, Amount	M	Value Date / Account Currency / Settlement Amount	As entered in the front end as transfer amount
52a	Ordering Institution	O	Ordering Institution 1 to 5	Only if sender is different than that of the Ordering insitution. The validation is done for A and B. If the value in Ordering_instution1 is BIC code then A else B.

Field in SWIFT	Description	Mandatory /Optional	Field in Oracle FLEXCUBE	Remarks
53a	Sender's Correspond-ent	O	BIC Code , Address1	Is populated only when receiver <> sender's corres. It is normally the BIC code of the customer (selected based on the nostro account). This pop-ulates :53A:. If there is a main-tenance in the Recon module for Class "NOST" under exter-nal account maintenance (external_account from RETMS_EXTACC_ACCGL_-DEFN), then 53B will be popu-lated with acc number and swift address
54a	Receiver's Correspond-ent	O	Receiver's Correspond-ent 1 to 5	Receiver's Correspondent field, this is normally null, unless filled through front end.
56a	Intermediary	O	Intermedi-ary 1 to 5	Intermediary field, this is nor-mally null, unless filled through front end. Under "S" button third tab
57a	Account With Institu-tion	O	Account With Institu-tion 1 to 5	Is populated only when receiver <> AWI. It is normally the BIC code as entered through front end
58a	Beneficiary Institution	M	Beneficiary Institution 1 for cover to 5	As entered in the front end, if this only a bank transfer. If 202 is fired as a part of "cover" to a customer then this value would be the "reciver" of 100 or 103
72	Sender to Receiver Information	O	Sender to Receiver Information 1 to 6	In FT, Sender to receiver Info. from front end, for other mod-ule under "S" button and under message details tab. If this a part of cover then the values starting with /OCMT,/ PHONBEN or /TELEIBK will form part of the this field.

17. Annexure D - Letters of Credit Glossary

17.1 List of Important Terms

The following terms occur in this manual.

Letter of Credit (LC)

This is an arrangement that is irrevocable and thereby constitutes a definite undertaking of the issuing bank to honour a complying presentation.

Clean or Documentary LC

Clean Letters of Credit require no documents for processing, as opposed to Documentary Letters of Credit, which require documents.

Applicant

It means the party at whose request the LC is issued.

Beneficiary

It means the party in whose favour a LC is issued.

Import LC

This is an incoming Letter of Credit that involves an applicant who is a customer of the processing bank.

Export LC

This is an outgoing Letter of Credit that involves the beneficiary who is a customer of the processing bank.

Guarantees

Guarantee is a form of comfort, issued by the bank to its client, in cases where the bank is not very comfortable with the credit rating of the customer. Unlike a letter of credit, in which the bank has to pay on maturity, the amount is payable only on invocation of guarantee by the creditor.

Shipping Guarantee

This is a guarantee extended during the period in which the goods are under transit.

Standby Guarantee

This is a guarantee for performance of a contract. These are immediately realizable whenever the beneficiary presents a declaration to the issuing bank that the named party has not fulfilled the terms of contract.

Red Clause LC

This is an LC, the terms of which allow the confirming bank to make advance payments to the beneficiary before documents are received, towards anticipatory drawings on the part of the beneficiary.

Transferable LC

This is an LC, the terms of which allow transference of the LC to other buyers, sellers or parties.

Non-transferable LC

This is an LC, the terms of which disallow transference of the LC to other buyers, sellers or parties.

Revolving LC

This is an LC, the terms of which allow the restoration of the original LC amount (or the tenor) after its full settlement, without any further changes to any of the other terms. A revolving LC could be either revocable or irrevocable.

Non-Revolving LC

This is an LC, the terms of which disallow the restoration of the original LC amount (or the tenor) after its full settlement. A non-revolving LC could be either revocable or irrevocable.

Sight LC

This is an LC that involves immediate payment to the seller by the negotiating bank. The payment is later reimbursed by the issuing bank.

Usance LC

This is an LC that involves payment to the seller at maturity i.e., (at a future date). The drawee bank obligates itself to make the payment.

Open-ended LC

This is an LC that has no definite maturity or expiry date.

Issuing Bank

This is the bank at which a letter of credit is first initiated by the buyer or importer. It is the bank at which the buyer account is debited for the trade. The advising bank sends the documents for the trade to the issuing bank, from where they are released to the buyer.

Advising Bank

This is the bank in the LC chain which advises by sending a copy of the LC to the beneficiary. The advising bank also sometimes acts as the bank will receive and negotiate the documents from the beneficiary which the seller or exporter involved in a letter of credit receives payment towards the trade. The issuing bank sends the letter of credit to the advising bank. The documents regarding the trade are sent to` the advising bank by the seller. The advising bank then sends the documents to the issuing bank.

Confirming Bank

This is the bank that ratifies the trade involving a letter of credit, to the advising bank. Tracers (messages) requesting letters of confirmation of the trade are sent to the confirming bank.

Confirmation

This is the adding of a separate undertaking by a bank to an LC in addition to that of the bank issuing it. All LCs lacking specific confirmation notices from any additional banks are considered unconfirmed.

Document Code

This is a unique identifier in Oracle FLEXCUBE for a standard paper, file or record that is required and used in most countries for the processing of a documentary letter of credit.

Document Type

This is a group of similar document codes in Oracle FLEXCUBE. The document type identifies the nature of all document codes under it.

Clause Code

This is a unique identifier in Oracle FLEXCUBE for a statement that goes along with documents sent under a letter of credit.

Clause Type

This is a group of similar clause codes in Oracle FLEXCUBE. The clause type identifies the nature of all clause codes under it.

Goods Code

This is a unique identifier in Oracle FLEXCUBE for the standard stock or commodity that is traded under a letter of credit.

Text Code

This is a unique identifier in Oracle FLEXCUBE for a set of instructions and statements (the free format texts) pertaining to the processing of a letter of credit. Standard free format texts do appear on correspondence and messages sent to the parties involving the letter of credit.

Product

This is an identifier in Oracle FLEXCUBE for any type of service that a bank offers its customers. A set of attributes and preferences are maintained for the product, which will apply to the processing of any contracts, transactions or deals involving the product (service).

Product Group

This is a group under which a product is logically classified, under which logically similar products are placed together.

Product Remarks

It can be descriptive text about a product.

Product Slogan

It can be text or phrase that could be used as a declaration or an announcement of the product, to customers.

Accounting Head

This is the specific GL created in any module of the Oracle FLEXCUBE system into which the accounting entry would be posted.

Accounting Role

The general ledgers and sub-ledgers maintained as a chart of accounts in Oracle FLEXCUBE may be classified logically under different categories, each of which is called an accounting role.

Amount Tag

This is the amount entry that is passed into a general ledger/sub-ledger in the chart of accounts for each transaction.

Netting

It amounts to summing of two or more accounting entries passed to an account for the same event, so as to arrive at a net figure for posting.

Event

This is the occurrence or process that initiates the generation of an advice during the processing of a contract in Oracle FLEXCUBE.

Transaction Code

This is an identifier for each accounting entry that describes the nature (debit or credit) of the entry.

Rekey Options

They comprise the fields that are to be keyed in by an authorizer of a transaction, for the purpose of cross-checking, when the transaction is being authorized. Complete details of the transaction will only be displayed when the authorizer re-keys the values for these fields.

Positive Tolerance

It indicates the increment, expressed as a percentage that must be made to the amount of a letter of credit, to arrive at the Maximum LC Amount.

Negative Tolerance

It indicates the reduction, expressed as a percentage that must be made to the amount of a letter of credit, to arrive at the Minimum LC Amount.

Tenor

This is the period during which a letter of credit is viable or effective.

Commission Calculation Type

This is the basis upon which commission applicable on a letter of credit is to be computed. It can be computed on a periodic or non-periodic basis.

Commission Collection Type

This is the manner in which commission applicable on a letter of credit can be collected. Commission could be collected either in advance or as arrears.

Rate Override Limit

This is the limit within which exchange rates (for an LC) are allowed to be changed over and above the default value, without requiring an override. If the rate variance exceeds this limit, an override is necessary for the changed rate to be accepted.

Rate Stop Limit

This is the limit above which a change in exchange rates (for an LC) over and above the default value cannot be specified. If the rate variance exceeds this limit, the changed rate will not be accepted.

Tracer Code

This is a unique identifier for a tracer in FLEXCUBE. A tracer is a reminder or intimation, generated by FLEXCUBE, to be sent to the parties involved in a letter of credit.

Auto Closure

It refers to closing an LC automatically after its expiry date. Usually, the date of automatic closure is specified for an LC. By default, the date for automatic closure is taken to be 30 days after the expiry date.

Automatic Reinstatement

This is the automatic restoration of the amount (value) of a revolving letter of credit for which the unutilized value is zero, in FLEXCUBE. When the Beginning of Day (BOD) process is run on any given business day, any LC's' for which automatic reinstatement of value has been specified are restored in value, provided the un-availed portion of the amount is zero.

Cumulative (Revolving in time)

This is an attribute of a revolving letter of credit, according to which, the LC amount and Maximum Liability Amount is reinstated or reset based on the frequency specified for such reinstatement.

Revolves in Value

This refers to an attribute of a revolving letter of credit, according to which, the LC amount is reinstated or reset at the point when the availability under the LC is reduced to zero, due to an availment.

Credit Type

This indicates the type of credit for which the LC is being processed, viz., Straight or Negotiable.

Credit Mode

This indicates the mode of payment through which the LC will be settled - Sight, Acceptance, Negotiation or Deferred.

Media Type

This is the medium used to send advices to each of the parties involved in a letter of credit.

Partial Shipment

This indicates transportation through shipping, in part, or of a portion of merchandise under an LC. Partial shipment is allowed only if permitted for the LC.

Trans-shipment

This indicates transportation of merchandise under an LC, by shipping across countries. Trans-shipment is allowed only if permitted for the LC.

Reference Number/Account

An LC can be linked to a deposit or a customer account. The reference number identifies the deposit that the LC is linked to, and the account identifies the customer account.

Linked Amount

This is the portion of the contract amount of a letter of credit contract that is linked to a deposit or a customer account.

Availment Type

This indicates the nature of any availment under an LC. An availment could be a payment, an acceptance, or negotiation.

Commission Collection

This indicates the collection of commission applicable on an LC. Commission may be collected by the issuing bank or the advising bank, for an LC, or against amendments to an LC.

Commission Calculation

This is the computation of commission applicable on a letter of credit.

Limit Tenor Calculation

This is the limit within which the tenor of a tenor-based letter of credit can be set.

Process Till

This parameter indicates how automatic events falling due on holidays will be processed. If the specification is 'System Date', it indicates that all the processing of events will be done till the system date only. If the specification is 'Working Day – 1', all automatic events falling due on the holiday will be processed by the batch process as part of the End of Day processes on the last working day before the holiday.

Accrual Entries Level

This refers to the level at which commission accrual entries for letters of credit must be passed, by the automatic commission accrual process. Two levels are possible – product-level, indicating that a single entry for all the LCs for which commission was accrued automatically will be passed; or contract level, wherein accrual entries will be passed for each of the LCs for which commission was accrued.

Amendment

An amendment is an advice by the issuing bank of any proposed change to the terms and conditions of a LC. Any term of an LC can be changed or deleted, or new terms can be introduced, provided the change is acceptable to all parties. The beneficiary and any confirming bank may choose to accept or reject any amendment generated by the applicant. Under UCP 600 amendment confirmation must be communicated.

Negotiating Bank

This is the bank other than the opening bank authorized within the LC terms to give value for presentation of conforming documents against a LC. This bank may be the advising or confirming bank.

Latest shipment date

This indicates the latest (last) date that may appear as the shipment or on-board date on any transport documents required by the LC. Unlike expiry dates, latest shipment dates do not extend because of holidays.

Straight LC

This refers to the LC payable only at the opening bank or a bank specified within the credit.

Transhipment

Transhipment means unloading from one means of transport and reloading to another means of transport during the carriage from the place of shipment to the place of final destination stated in the credit.

Partial Shipment

This is a portion of less than the total quantity of an order. An LC must permit partial shipments otherwise the beneficiary has to ship the full value of the LC in a single shipment.

INCO Terms

INCO terms refer to a set of 13 international standard trade terms. They allow the seller and buyer to designate a point at which costs and risks of transport are precisely divided between them.

Draft

This is a financial instrument indicating debt by one party (the drawee who is responsible for payment) to another (the drawer to whom payment is due). Drafts may be drawn at sight for immediate payment or after a certain number of days.

18. Function ID Glossary

B

BCDAMTEX 3-21
BCDCOMCD 3-6
BCDDOCCD 3-1
BCDFFTCD 3-13
BCDINCOD 3-24
BCDINSCO 3-15

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LCDAVMNT 7-1
LCDBRPRM 3-30
LCDCLAMA 3-4
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LCDOPNPL 3-26
LCDPRMNT 4-1
LCDTRANF 9-1
LCDTRAUT 5-47
LCDTREAS 5-54
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